Is Stevens Right About Business Chiselling?

LARGEST CIRCULATION OF ANY CANADIAN FINANCIAL PAPER

THE FINANCIAL POST

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CANADIAN MINING NEWS DEPARTMENT ON PAGE 20

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The Nation's Business

St. Lawrence Canal Needs Re-examination In Current Light
Is It Economic?
Further Savings Loom On National Lines
Processing Taxes Produce Confusion
Warning to Canada

Waterway Project Needs Re-examination

IT IS significant that the leading American newspapers which reflect the viewpoint of business leaders are definitely opposed to the construction of the St. Lawrence Waterway at this time.

The Wall Street Journal points to the present problem of other transportation units and questions if the evidence in favor of the waterway is convincing on balance.

The New York Herald Tribune, likewise, feels that there is grave danger of many millions of dollars being spent on what is, in the present state of knowledge of the economic implications of the waterway, a huge gamble.

* * *

THE New York Times fears that there has been such change in the state of national and international trade since the waterways commission reported in 1927 that the former arguments for the waterway may no longer hold water.

It points out that the railways have seen their business and revenues fade away until the Federal Government has been compelled to intervene to save them from bankruptcy. As for water power, there is a considerable surplus of generating facilities today. Moreover, reduced fuel costs and ingenuity have greatly lowered the expense of generating electricity.

The Times feels that the matter of the St. Lawrence Waterway has been put with succinctness by ex-Governor Al Smith in his report as a member of the National Transportation Committee. Mr. Smith said:

"I am opposed at this time to the construction of the St. Lawrence Waterway, because it would be a waste of public funds. Present railway facilities are more than adequate to provide for everything which the proposed canal can accomplish."

The Commercial and Financial Chronicle, of New York, is impressed by Senator Wagner's description of the waterway as extravagant in character and predoomed to constitute an annual drain upon the resources of the country.

* * *

CONSTRUCTION of the waterway will help to stimulate business as would any large engineering project. But that is not the primary consideration. Is it economically justified? Will it pay its way? Will it not in time add enormously to our national overhead? Will it do more damage than good in the national economy? These are the important questions. They have never been adequately answered. All the favorable technical and economic reports on the waterway have been cancelled out by equally authoritative reports against it. It is significant that such capable students as Harold G. Moulton and Prof. W. T. Jackman can see no adequate justification for the huge gamble that Canada and the United States will be taking if Parliament and the U. S. Senate approve the treaty.

To the Canadian taxpayers the best news of the week was the hint that the treaty might fail in the U. S. Senate. But with Roosevelt cracking the party whip, that hope fades. It may rest with our own parliament to call for a re-examination of the waterway proposal in the light of depression experience and post-depression prospects.

* * *

Early Action On C. N. R. Economy

IT IS to be hoped that conferences which took place last week between Hon. C. P. Fullerton, head of the Trustee Board of the National Railways, and Hon. R. J. Manion, minister of railways, presage early action on important rail economies.

Mr. Fullerton's visit to Ottawa it is understood, was to inform the minister of the import of conferences he has been holding with Chairman Beatty of the C.P.R. At these conferences the possibility of achieving joint economies has been canvassed and it is believed with considerable promise of success.

* * *

UNOFFICIAL but reliable information indicates definitely that Mr. Fullerton intends to follow up these prospective economies with the utmost vigor and unless there is an unforeseen hitch, the next

(Continued on page 2, col. 3)

BAKERY UNITS NET MILLERS POOR RETURN

Stevens' Comments Draw Attention to General Weakness

MILLIONS INVESTED

Assurance of Outlet for Flour Has Proven Costly Move to Date

From Our Own Correspondent

MONTREAL. — Hon. H. H. Stevens' charge that the organization by the flour milling industry of bread baking subsidiaries of nation-wide extent, thus crushing competitors, or of forcing them into the purchase of flour, is unfair and unethical, does not elicit any public comment from the millers.

It is true, as charged by the Minister of Trade and Commerce, that the millers have organized large bakery subsidiaries. Many millions of dollars have been put into these enterprises and the results over the last three or four years have been such as to make the milling companies feel a bit sorry for themselves.

When the scramble started among the millers to secure outlets for their flour, prices paid for bakeries were seemingly out of all proportion to their earning power. The main objective, apparently, was to secure a baking subsidiary which would buy flour without due regard to a return on capital.

Record is Disappointing

Maple Leaf Milling Co. supports three baking subsidiaries—Canada Bread Co., Canadian Bakeries and Dominion Bakeries. The exact investment in these three companies, is not known but it would appear from the parent company's balance sheet to be well over $2,000,000.

Canada Bread Co., once upon a time, was regarded as a very sound organization, with well-established earnings, and its securities rated high. In the last three years its earnings have declined to such an extent that dividends on the first and second preferred, as well as the common shares, have had to be deferred. The company probably is an important customer of Maple Leaf Milling, but as an investment it has not been doing so well of late.

Maple Leaf's baking operations in the West are controlled through Canadian Bakeries. The latter would seem to be highly capitalized in relation to earning power for no dividends have ever been paid on the common stock; the second preferred dividend has been passed since 1930; while the first preferred stock received a partial dividend in 1931 and none since.

Pay Office Expenses

The third baking company promoted by Maple Leaf—Dominion Bakeries—can hardly be classed as a profitable investment. Organized in 1928 it has never paid dividends on either the common or second preferred stocks, while the dividend on the first preferred has been deferred since December 1, 1930.

Control of this company passed to the holders of the first preferred shares on September 1, 1931, but Maple Leaf Milling provides the management of Dominion Bakeries, free of cost.

It is significant that at one time Dominion Bakeries operated 15 plants in different Ontario towns and cities. At the beginning of last April only three were in operation, the balance being rented, sold or operations discontinued.

Ogilvie Unit Cuts Capital

Ogilvie Flour Mills has only one baking subsidiary, Consolidated Bakeries of Canada. This is a holding company, brought into being in 1928, to control 12 bakeries in Ontario and Quebec. At that time the company acquired assets costing $7,382,175, against which 318,443 shares were issued. Dividends were paid up to October 1, 1932, but none since.

In the 1932 report it was pointed out that the assets values were too high and depreciation charges too great a drain on earnings. Accordingly the shareholders voted a reduction in the value of depreciable assets and also in the value of the company's lands and investments and wrote off the item of goodwill.

Inter-City in Fair Shape

When the millers started buying up bakeries, Lake of the Woods Milling Co. did not lag behind the procession. Its Eastern bakeries are consolidated under the title of Inter-City Baking Co. Earnings of this company compare very favorably with those of other bakery organizations, but in 1933 it was necessary to defer dividends

Lake of the Woods' western bakeries are known as Inter-City Western Bakeries. These units were operated direct until 1930, when they were taken over by Inter-City Western Bakeries. This company issued $1,500,000 of bonds, 390,000 of preferred stock and 130,000 shares of common stock. Of the latter 88 per cent are owned by Lake of the Woods. No dividends were ever paid on either the preferred or common shares and last May bond interest was passed. A committee has been formed to protect the interest of the holders of this company's bonds. The financial record of these baking subsidiaries of the three principal millers is not a cheerful one. These millers, as well as others, secured outlets for their flour, but the cost has been a particularly heavy one.

Defaults in Ontario Over $75,000,000

Municipal defaults in Ontario had occurred in communities with total funded debt of over $75,000,000 at the end of 1933, The Financial Post is informed on good authority. The total was greatly increased when large urban municipalities bordering Toronto, and the cities of Niagara Falls and Sudbury, defaulted late in the year.

In Western Canada, municipal defaults have been widespread, but have involved large municipalities in only a few cases. Thus the amounts involved are relatively small. In the Maritimes reported defaults number only two. Quebec's list of defaults has been growing, but not as rapidly as that of Ontario, it is understood.

WATERWAYS MAY ABSORB $200,000,000

Immense Can. Activity Would Follow Vigorous Roosevelt Decision

Stocks of Canadian construction companies showed improvement in value when reports from Washington indicated that President Roosevelt may possibly display some of his characteristic energy in trying to get quick action on the St. Lawrence Waterway agreement between Canada and the United States. Canadian Dredge, Canada Cement, Gypsum, Lime & Alabastine, the steel and engineering stocks showed decided upward moves in a time which is not offering much other encouragement. They reacted somewhat later, but the market is very definitely taking notice of Waterways news.

There is still uncertainty as to how much influence can be exerted by the powerful opposition to this project in parts of the United States and Canada which are not favorable to such expenditure and this is holding up a quick advance until the auguries are even more favorable than at present.

Action Expected

The Financial Post has a wire from Washington from a usually well-informed source to the effect that ratification is certain if the President persistently cracks the party whip. It is understood he has already indicated to party leaders he intends to do so. Important advocates are confident there will be a vote almost at once but are prepared for considerable delay.

The work will cost $348,935,000, and of this there is to be spent, under agreement, in Canada, $105,274,000, the Canadian amount being lower because the $128,000,000 cost of the new Welland Canal has been credited to Canada.

Huge Contracts Loom

The amount to be spent in Canada includes $22,320,000 required in the international rapids section on account of property damages, rehabilitation works and the lock navigation canal at Crysler Island, and $82,954,000 for the locks and canals in the wholly Canadian section lying within the Province of Quebec. Of this latter amount, $67,202,500 will be paid by Ontario to the Dominion on account of power works in the international system. This does not include the cost of installing the power house machinery or equipment necessary for the development of power in the international rapids section, as this is to be financed independent of the treaty by Ontario.

The construction work on the international rapids section alone will require the placing of 4,074,000 cu. yards of concrete and the excavation of about five million cubic yards of solid rock and 90,000,000 cu. yds. of earth and other materials. It can easily be seen what large contracts may open for seven years for Can-

(Continued on page 2, col. 5)

Foreign Trade Gains Continued During December

Both exports and imports showed considerably higher totals in December than in the same month of 1932, in keeping with the trend during the latter part of the year. A seasonal decline of about 20 per cent was recorded from November, however.

A slow but steady rise of more than a month's duration culminated at the beginning of the week when May wheat futures went over the 70-cent mark at Winnipeg; Tuesday, however, saw a slight recession. Profit-taking resulted in declines in most other commodity markets following the increases of the first 10 days of the year.

		Change From Prev. Period %	Change From Prev. Year %
Monthly	**December, '33**		
Exports ......$	50,928,856	— 20.0	+19.5
Imports ......$	35,867,553	— 19.1	+22.1
Wheat exps., bu.	17,457,963	— 24.0	—37.0
Ret. prices Index	78.4	+ 0.4	— 1.5
	October, '33		
Gas. sales gal.	50,906,000	— 15.6	+10.6
Weekly*			
Carloadings No.	34,362	+ 17.0	+28.2
Cattle sales No.	14,315	+ 35.5	+13.4
Hog sales No.	29,096	+106.0	+ 5.8

* Weeks ended Jan. 6, 11 and 11 respectively.

WILL CHANGE WOOL TARIFFS NEXT BUDGET

Board Preparing Results of Probe on Primary Goods

BEGIN JUTE ENQUIRY

Many Requests For Hearing Received — Boots and Shoes and Biscuits Next in Order

From Our Own Correspondent

OTTAWA.—Functioning as an advisory body to the government in the carrying out of the Anglo-Canadian Trade Treaty, the Tariff Board is now endeavoring to draft reports in time for the next budget and, also, to undertake further investigations.

The woollen case, the first Treaty application to come before the Board, is proving extraordinarily difficult. But it is learned, definitely, that the Board, while unable to make a complete report, will have an interim report in the hands of the Minister of Finance in time to enable some of the woollen schedules to be revised this session. The Board will probably start with the foundation woollen items and will give its opinion as to the proper tariff rates up to, and including, woollen yarns. The secondary and tertiary divisions of the woollen schedules will have to wait.

Begins Jute Enquiry

This week the Board began an enquiry into the preferential tariff on jute and flax. The appellants are the Dundee Chamber of Commerce and the case assumes first rate importance for two reasons.

With respect to flax, the Canadian cotton manufacturers have invoked the famous Article 21 against the British producers. This article deals with state dumping and has already been invoked by the Bennett government as a means of driving Soviet timber out of direct competition with Canadian lumber in the British market. The flax case turns upon the tariff item dealing with impregnated fabrics. Ordinary flax fabrics are duty free. But impregnated fabrics are dutiable at 25 per cent plus 3 cents per pound. The British producers desire these fabrics to be placed on the free list if imported for further manufacture. Where imported for consumption they declare that a duty of 20 per cent is sufficient to take care of the difference in production costs in the two countries.

Would Compete With Cotton

The Canadian cotton industry enters the case by reason of the fact that impregnated flax fabrics compete with cotton fabrics. To cheapen the imported fabrics by lowering the tariff would be to divert business from the cotton mills or alternatively, to force their prices down. The cotton producers pointed out that Russia produces some 80 per cent of the world's supply of flax and, therefore, may be said to possess a monopoly. The Dundee mills import their raw material from Russia and by lowering the Canadian tariff the Government would, in reality, be bonusing Soviet Communists. They claimed that article 21 should operate to sustain the present tariff. Canadian cotton mills, they said, could not compete against socialistic production of flax.

The other point of major importance arose in the jute case where the Dundee appellants raised article 10 of the treaty against Doon Twines of Kitchener, Ont.

Quote Treaty

Article 10 reads: "His Majesty's Government in Canada undertake that protection by tariffs shall be afforded against United Kingdom products only to those industries which are reasonably assured of sound opportunities for success."

The only jute spinners in Canada are Doon Twines and the Dundee appellants declare that this company has not got a "sound opportunity for success," is an uneconomic industry and should, therefore, enjoy no tariff protection against British competition.

Canadian Angle

Doon Twines rebut this argument with an application for higher protection. The company asserts that it has a sound opportunity for success and that a tariff rate based upon the difference in production costs at Kitchener and Dundee would be substantially higher than the present rate.

The Tariff Board will report to the Government in due course.

Other Hearings Near

The British application for a downward revision of the tariff on boots and shoes is now ready for hearing and the board will list the case as soon as the British manufacturers send a delegation to Ottawa.

The British biscuit makers have put in an application and the board is now busy arranging for the collection of data. The Canadian manufacturers have been asked to express an opinion as to whether the British system of costing is suitable for them.

An interesting development of the next few weeks is expected in the calling of special hearings by the board to take evidence from representatives of consumers. Such a hearing, it is anticipated, will be called in the woollen case before the interim report is completed. Another will likely be held in the fruit and vegetable case.

At these hearings every opportunity to present facts and arguments will be accorded to importers

DECOY

—Drawn for The Financial Post by R. Kaell.

Merchants Stirred By Stevens' Charges

Trade Newspaper Editor Discusses Background of Minister's Attack On Chiselling in Business

By H. L. SOUTHALL,
Managing Editor, Trade Newspapers Division,
The MacLean Publishing Company, Limited.

A mild sensation has been caused in business circles by the very pointed remarks made by Hon. H. H. Stevens, Minister of Trade and Commerce, in an address in Toronto this week. After having made some more or less general remarks along the same lines in a recent talk in Winnipeg, Mr. Stevens unmasked his guns in Toronto and speaking as a private citizen challenged the business men of Canada to face frankly some of the evils "that have developed like cankers in the economic body."

"I warn them," he continued, "that unless these evils are eradicated they will destroy the system itself." He proceeded to expound his doctrine of the right of private property and stated his belief that private initiative was the best method of handling the nation's business. "At the same time I realize that because of greed and avarice and other delinquencies in human nature, abuses will creep in. They must be corrected. I believe the remedy is, in large measure, in the hands of the business public of this country if they will but act together. I am opposed to government interference in business, but I would be lacking in human feeling if I sat idly by and permitted practices of this kind to prevail without raising my voice in protest and exhausting every means in my power to correct them. It is to this task that I have addressed myself. I invite your co-operation."

"Glaring Abuses"

The speaker summarized what he termed "some of the glaring abuses" including:—

1. The practice of mass buying by huge department stores and chain store organizations and the alleged use of this power in destruction of the small retailer and the crushing of the manufacturer who would not accept price dictation from the mass buyer.

2. The extent to which the meat packing industry in Canada is responsible for the low price of beef to the farmer producer.

3. The organization of the flour milling industry of bread-baking subsidiaries of nation-wide extent thus crushing competitors or of forcing them into purchase of flour from them as owners of the national bakery organizations.

4. The practice among a certain type of clothing manufacturer (composed chiefly of foreigners with ideals and practices inconsistent with our standards) who deliberately sell manufactured clothing at prices which positively cannot pay for the goods with a fair remuneration to the worker and who thus are driving out of business scores of bona fide business concerns who are endeavoring to observe decent business practices and respect of minimum wage laws, etc.

5. The introduction of "sweat shop" practices in the clothing industry, which sweat shops are used largely by the mass buyers previously referred to, in the breaking down of the prices of legitimate industry.

Such practices as the foregoing, the speaker said, are unfair and unethical and must be stopped or inevitable ruin to industry would follow. The same practices in international trade had, he said, resulted in the erection of excess tariff duties, quotas, import permits and other trade barriers.

These outspoken remarks have stirred business men of Canada more than anything they have heard from a public man in some time, and irrespective of whether or nor all his charges can be substantiated, Mr. Stevens must be credited with having had the courage to say a lot of things which less courageous people have often thought but declined to publicly express.

What Inspired Remarks?

What inspired Mr. Stevens' outspoken remarks in Toronto and what can be done about the situation if it is proved to be as described? These are the questions now in the minds of business men.

For one thing the speaker was addressing the National Shoe Retailers' Ass'n, on whose complaint a preliminary enquiry is now being conducted into the practices of rubber footwear manufacturers, by the Registrar under the Combines Investigation Act. The chief basis of the complaint is understood to be the fact that these manufacturers are alleged to have been giving large retail outlets price concessions enabling them to undersell smaller merchants, and that while for a time a satisfactory equalization has been brought about through the organization of a co-operative buying group among retailers, the manufacturers had recently by their actions made it very difficult for these merchants to meet competition. When representatives of that group of retailers visited Ottawa recently to discuss the case they reported having had a peculiarly welcome reception from the various cabinet ministers, the latter showing a disposition to discuss retailing problems at some length.

Clothing Industry

The rubber footwear case is only one of a number which have recently been brought rather forcefully to the attention of the government by business groups which feel they have been subjected to the rigors of extreme discrimination in buying goods.

The clothing industry to which definite reference was made by Mr. Stevens, has been kept very much before the Federal administration recently by leaders in that industry who claim inability to follow sound merchandising practices as long as the industry is torn by price-cutting and by low price schedules made possible only by the use of sweated labor. Clothing groups were among the first to approach Ottawa, after the N. R. A. was proposed in the U. S., asking for governmental sanction of a similar scheme for the industry in Canada. Other retail bodies have joined in the request

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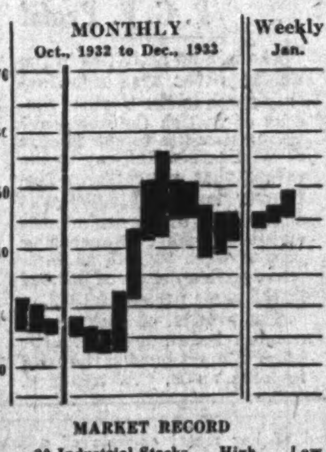
Stock Market

20 INDUSTRIAL STOCKS



MARKET RECORD

20 Industrial Stocks	High	Low
Week of Jan. 16	49.1	45.5
Week of Jan. 9	47.0	44.7
Month of Jan., 1933	28.4	25.1
10 Public Utilities		
Week of Jan. 16	51	48
Week of Jan. 9	49	46
Month of Jan., 1933	47	42
8 Bank Stocks		
Week of Jan. 16	178	173
Week of Jan. 9	178	161
Month of Jan., 1933	168	160

Highlights of the week

Biscuit Tycoon

Garfield Weston's profitable progress in biscuit-making in three nations during the depression. Who he is, what he has done and how he did it. Page 4.

Thrifty Scots

Survey of the Scottish market for Canada's products. Why Scots like Canada and prefer Canadian goods, if the value is right. Page 8.

Deposit Insurance

How and why 97 out of every 100 American bank depositors are insured against failure. Sketched briefly by Dr. Gaines T. Cartinhour, New York University. Page 11.

Western Finances

Historical analysis of finances of the four western provinces shows roots of present troubles go deeper than depression. Told by ex-Maritimer, J. A. Maxwell, of Clark University, Massachusetts. Page 11.

Companies Acts

Canada's ten premiers are being asked to reform companies acts. Investment bankers, barristers and a prominent accountant outline desirable improvements. Page 13. F. W. Wegenast tells of the evils of misrepresentation. Page 9.

Partner's Death

Death dissolves a partnership if it is not incorporated. How it ties the survivor's hands and the business insurance solution. Page 15.

Gas War

Canada's biggest sales territory, the area south of a line between Whitby and Sarnia, Ont., is fighting a gasoline price war. Its effects on investors and oil companies. Page 1.

Tariffs

Dispute over powers of the tariff board nearing decision. Page 5. What may be done to revise tariffs this year. Page 1.

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ONTARIO CARS SAVE $3,650,000 FROM GAS CUT

War to Eliminate Price Cutters Aids Motorists, Not Shareholders

MAY LAST TO APRIL

Imperial Oil's New Gasoline is Weapon Used in Forcing Reductions Throughout Southern Ontario

Competition by service stations for the business of motorists over all the Southern part of Ontario from Bowmanville on the east, to Sarnia on the west, has been precipitated by the action of Imperial Oil in offering for sale another "blue" gas at a price 5 cents a gallon under the price at which Three Star gasoline is sold. British American Oil, Supertest, Cities Service and practically every other company in the business are meeting the new prices with low-priced gas and in some cases have reduced all types of gas offered.

The area to which Imperial Oil's price reduction applies may be described as the Toronto truck-tank area, and points west in Ontario. Starting at Bowmanville, the new prices apply to the waterfront from Bowmanville to a point between Oshawa and Pickering. Then the northern border of the low-price area sweeps in a semi-circle around Toronto, passing just south of Aurora on the north and coming down to Brampton on the west. Then the northern boundary proceeds in a general southwesterly direction through Guelph, Kitchener, Stratford and St. Marys to Sarnia, and all points south get the new rates.

$10,000 Daily Saved

One estimate is that there are probably 200,000 cars of all kinds operated in this area and that at least 200,000 gallons of gasoline on the new basis are consumed daily. They believe that the price war will therefore give about $10,000 a day, or at the rate of $3,650,000 a year to Ontario motorists while it lasts.

The situation is a bonanza to motorists but officials of the big companies are silent when asked if this means that business is going on at a loss. The Financial Post believes that the war is likely to continue until next spring in any case, when various contracts with independents for supplying them with cheap gasoline come to an end. It is understood that Imperial Oil is not making money in this campaign, which it plainly says is undertaken to protect its service stations and those companies who buy from it from underselling by independents and others. It has millions of dollars of reserves and can afford to abandon profits for a while, if necessary. In the United States price wars of a virulent nature have broken out in California, where gasoline for a time was even sold for less than the state tax and recently one broke out on the Atlantic coast. This is the first indication of competition undermining the former price range in Canada on such a wide scale.

May Be Tax Evasion

There are four main elements in causing the present situation: first contracts of large refiners to sell unbranded types of gasoline to other companies which retailed them at a low point; 2nd, certain owners of tank trucks who have been doing business on a margin of one cent a gallon and allegedly by paying drivers as low as $1 a day; third, inferior gasoline imported at a low rate from the United States and sold at a low price; and fourth, gasolines blended in Canada from imported casinghead, crude oil and a cheap grade of gasoline. Large companies suspect also that tax evasion on an important scale is going on.

Combine Probe Goes On

They are apparently out to give all such cheap vendors of gasoline a ride. An investigation under the Combines Act is now going on and some have suggested that the price reduction is simply camouflage to prove that there is no combine in Canada. The Financial Post understands that the reduction will make no difference to the investigation, and oil companies reply that it would be a very expensive way of trying to prove there is no combine. They assert there is no combine. An investigation showed the profit made in 1930 by Imperial Oil at 1.01 cents a gallon. In 1932 the company reported profit had been .85 cents a gallon. It is paying now about $1 a gallon. Mid-Continent prices for crude, as against less than half that amount last spring. It is the oil-truck tank which is having its margin slaughtered.

Retailers Can Profit

Retailers in service stations are understood to be getting gasoline at a price which still permits them a very small profit.

Those who have been offering gasoline at two or three cents a gallon under regular prices under arrangement with the Ontario Motor League also have the ground cut out from beneath their feet while the price cut lasts.

Currency Agitation

New York Times—Three questions have been constantly asked this year: (1) As a matter of history, has any of our great depressions ever been terminated by depreciation of the currency? The answer is, No. (2) Has the United States ever resorted to depreciated money in such depression? The answer is, Never. (3) Has currency agitation been usual in such periods? The answer is, Always.

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SHOES

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MEN'S SHOE DEPARTMENT, SECOND FLOOR, QUEEN AND JAMES STS.

THE T. EATON CO LIMITED

Edmonton Tax Collections Down in 1933; Arrears Up

Edmonton collected 73.54 per cent of its 1933 tax levy within the year, compared with collections of 76.64 per cent in 1932, it is reported. Collections of arrears amounted to 16.60 per cent of the 1933 levy against 14.54 per cent in 1932. Thus aggregate collections of current taxes and arrears amounted to 90.14 per cent of the levy in 1933.

Total collections amounted to $3,691,075, of which $679,741 was arrears, out of a total tax levy of $4,094,824. This indicates a net increase in arrears of $403,749, so that total arrears at the end of the year appear to have been some $2,158,000, compared with $1,754,322 in 1932.

In 1933 the city started a tax prepayment scheme, whereby 5½ per cent deduction was allowed on taxes paid before Jan. 15. This brought in some $550,000 in tax prepayments.

Walkerville Asks Permission To Refinance Funded Debt

Walkerville town council has unanimously approved a resolution requesting the province of Ontario to legislate to allow the town to refinance its debt at lower interest rates. The request is based on the supposition that 60 per cent of debenture-holders agree to refunding.

Town officials hope to get permission for refinancing in Walkerville alone, if a bill is not passed allowing municipalities generally this freedom. So far there has been creditor opposition to allowing municipalities to refinance without going under supervisory administration. The province has in the past taken the attitude that it would not be wise to allow one municipality to do what has been refused to another community.

In December Walkerville was able to arrange a refunding of housing debentures but it was disguised to the extent that the old debentures were paid off in cash and holders consented to reinvest the proceeds in new debentures on easier terms to the town. Walkerville has met all other interest and principal payments on its debt.

BURDENED WITH RESPONSIBILITIES

It is unfair to your friends or relatives to burden them with the responsibility of managing your Estate. This responsibility placed in the hands of a Trust Company, where an especially trained personnel lends its accumulated knowledge and experience to the management of the Estate, constitutes the greatest safeguards for your heirs.

MONTREAL TRUST COMPANY
61 Yonge St., Toronto
J. F. HOBKIRK, Manager

Henry Harris Joins Graham-Paige, Canada

Appointment of Henry Harris, formerly associated with General Motors of Canada Ltd., as general sales manager of Graham-Paige Motors of Canada Ltd., with headquarters in Walkerville, Ont., is announced by H. D. Dodge, managing director of the Canadian Graham organization.

A native of Ireland who came to Canada in 1909, Mr. Harris was formerly comptroller of Chevrolet Motor Co. of Canada and later manager of the Chevrolet western division.

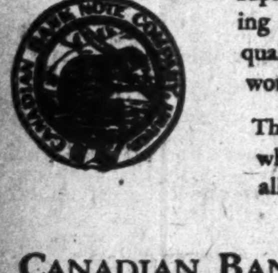
Mr. Harris comes to the Canadian Graham organization from New York where for five and one-half years he has been district manager for Graham-Paige Motors Corp., of Detroit, in charge of all factory operations in the states of New York and New Jersey. Prior to his service there Mr. Harris was special representative for Graham-Paige in Canada.

OVER —
100 YEARS
of knowing how

NOT in a day or a year is the difficult and exacting art of steel engraving mastered.

The personal element enters largely into it — men must work and study for long years under highly skilled teachers to become proficient in this craft — artists in the truest sense of the word. For their work is the protection of commerce. The Bank Notes, Bonds and Monetary Documents of every nature, which they design and print, must be incapable of unlawful duplication. The ink, paper and printing of these documents must have qualities not available to those who would illegally copy them.

This is the service and co-operation which we offer you in the printing of all important documents.



CANADIAN BANK NOTE COMPANY
LIMITED
Head Office and Works — OTTAWA
— Branch Sales Offices —
TORONTO MONTREAL

The Nation's Business

(Continued from page 1)

few months will bring radical changes in service. The principle of unification will be applied in a rapid extension of pool trains, joint terminals and ticket offices. Every effort will be made to restrict or eliminate useless competition, particularly in telegraph and express services. The physical valuation of telegraph equipment now in progress is believed to be very significant. In addition there will be renewed efforts to cut ordinary expenditures, notably the cost of dining cars and hotel accommodation.

It is just possible that the pool principle will shortly be applied to transcontinental as well as local passenger services.

* * *

THE importance of the present discussions has not been overlooked by railway employees. The mass meeting at Winnipeg last week, at which strong protests against further cuts in staff were approved, indicates that railway employees are alive to the new situation. While sympathetic to the railway workers, it is believed Mr. Fullerton will not be deterred from pressing his economy campaign to the limit.

* * *

Processing Taxes Create Confusion

THOSE who advocate processing taxes as a media for financing agricultural bonusing in Canada might profitably study the record of the Roosevelt recovery programme.

In the brief span of 10 months the various agricultural self-liquidating bonus schemes have produced a maze of unexpected and unforeseen problems which even the most nimble minded of the "Brain Trust" are unable to solve.

It would now appear that the fatal weakness of processing taxes is that the consuming public prefers not to pay them, if substitute foods are available. And the taxes thereupon recoil immediately upon those they are supposed to serve, in the form of shrinking markets.

* * *

IN THE matter of hogs, the relief policy of restriction gave an early stimulation to prices but in recent weeks the Chicago market has sold down to $3 per 100 lbs., which is but little above the lowest level of the depression. Beef has also declined heavily. But the "pegged" price of corn, which was a part of this phase of the programme, still stands.

Result:—Farmers cannot afford to feed 45 cent corn to $3 hogs and $5 beef; both livestock and corn producers suffer.

Moreover the programme of restricted hog production has failed of success. For reasons not disclosed and which seem to have evaded government enquiry, the run of hogs to American markets in recent months has been heavier than normal—this in defiance of Washington's carefully calculated policies.

The cost of the corn and the hog restrictive programme was to be defrayed by processing taxes on both. The corn tax started at five cents per bushel and was to be raised last November to 20 cents. The increase was postponed because corn products compete with other products—notably sugar and sugar syrups—and to tax corn would be to bonus sugar. And yet to tax sugar would but open up other similar problems. By the same token, the tax on hogs has greatly stimulated consumption of cottonseed oil and other substitute foods.

* * *

THE same sort of difficulties have arisen in other phases of the policy. The tax on cotton (to raise money to bonus growers) has failed to yield because consumers have turned to jute, artificial silks and other textiles. An equalization tax has recently been placed on jute, to prevent the jute producers cashing in on their cotton competitors. But the cotton industry continues to demand the extension of the equalization tax to all textiles.

This is the story all along the line. The wheat tax has been a bonanza for the producers of substitutes, of which there are many. And, in addition, there are innumerable complaints of "bootlegging."

It would appear that the Roosevelt Administration is seriously considering abandoning processing taxes in favor of direct bonuses from the national treasury. Secretary Wallace speaking at Chicago last month conceded that another method of financing the corn-hog programme might become necessary.

* * *

ON THE whole, the Agricultural Adjustment policy has been a failure and there could be no justification for the adoption of a similar policy in this country. If governments insist upon bonusing industry there is but one way to do it—by grants from the public treasury. The device of processing taxes is merely an attempt to pull feathers out of a bird in a way that defies detection and which, it is hoped, is painless.

Not only does this device fail to raise the money but it precipitates all manner of disturbances in allied industries. It becomes a demoralizing factor at a time when the greatest need is for confidence.

Footnotes to Ottawa

An Occasional Department of Comment on the Background of Governmental Activities in the Nation's Capital

From Our Own Correspondent

Milk Producers Disagree

THE milk producers have virtually withdrawn from the drive for Federal Marketing legislation, it is learned here. The producers are not only unable to agree among themselves as to the kind of legislation they want but have divided into mutually destructive groups. The eastern producers are vigorously denouncing their colleagues in British Columbia, and vice versa.

* * *

See Waterway Success

HOPES of ratification of the St. Lawrence treaty by the United States' Senate have been much enhanced by the firm stand in favor of the pact taken by President Roosevelt. It is now reported that the treaty has a fair chance of winning through which would mean the commencement of a major construction project in the heart of industrial Canada this year. If the treaty is ratified at Washington, the Bennett Government will lose no time in submitting it to Parliament where approval is likely. But the official view is that the treaty has a long and difficult course to follow in the Senate before it comes to the president for final endorsation. Prior to the Roosevelt message the treaty was believed certain of defeat.

* * *

Better Employment

THE best indicator of the improved condition of trade is to be found in the statistical abstracts of the unemployment relief office—which are seldom made public. On December 31, 1933, there were 210,000 families on relief whereas the figure on December 31, 1932, was 236,000 families. The total number on relief at the end of last year was 1,200,000 which is a vast improvement over the preceding year when the relief rolls ran as high as 1,800,000 persons. The latter figure is not a good test since it includes all who receive aid, however slight. But the former is an authentic index of business improvement in 1933.

* * *

Inquiry Into Oil "Combine"

THE outbreak of a price war in the oil industry may have an important effect upon the present inquiry into the operations of refiners which is being carried on by the Combines Branch of the Labor Department. The price war is said to be the result of competitive conditions in the industry and, as recent decisions have proved, the Combines Act is almost exclusively concerned with competition as distinct from prices. Any combination which restrains competition exists in violation of this statute even though prices charged are below production costs. It would appear that the present outbreak of competition in the oil industry will tend to free refiners from any charges which might be brought against them under the act.

* * *

Outside French Quotas

CANADIAN exporters seem likely to escape harmless from the recent change in the French quota policy. It was announced a few days ago that the French Government had decided to cut all import quotas by 75 per cent and to make this portion available to foreign countries only if French goods were purchased in return. Canada is interested in this policy because there are some dozen quotas which apply to Canadian exports. The more important are apples, meats and patent leathers. Recent cables, however, indicate that the change will only apply to countries that now possess more than 10 per cent of the French imports in each line. While Canada does a substantial business with France under the quotas, in no case do our exports amount to 10 per cent of French requirements. Therefore it is not anticipated that the change in policy will affect our exports.

Mining Giving P. G. E. Profit

The mining activities in the Bridge River area and farther north in the Cariboo district of British Columbia are giving new life to the Pacific Great Eastern Railway to the extent that a profit in November last of $10,059 was shown. For the eleven months ended November 30 operating profits were $60,745 as compared with a deficit of $66,544 in the same period of 1932.

The profits, of course, are a mere bagatelle beside the huge interest burden the road imposes on B. C.'s treasury.

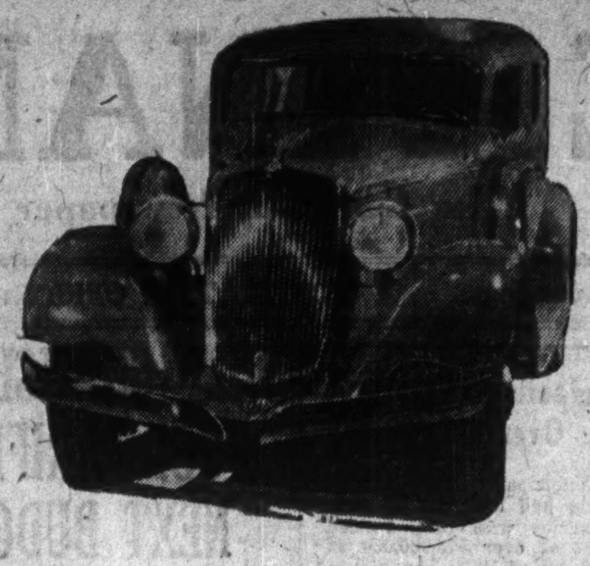
NEW WESTMINSTER PORT MORE ACTIVE

Exports and Imports—All Show Increase Over 1932 Figures

Increase both in number of ships and in cargo tonnage is reported for the Port of New Westminster during 1933. Practically every type of cargo showed on increase with gain in lumber exports of more than 30 per cent and of bar metal exports of nearly 60 per cent. An important feature of the year was that it marked the inauguration of a real wheat export business. In 1932 wheat exports through New Westminster were nominal and at 169,379 bus. but in 1933 export of wheat through this port increased to 1,659,740 bus.

Gross tonnage increased to 2,324,869 tons in 1933 from 1,737,429 in 1932. Net registered tonnage was up to 1,441,963 tons from 1,087,878 tons, while number of deepsea ships increased to 409 from 311.

Graham Design Attractive



Although the supercharger is featured as the leading advancement by Graham in 1934 models, the attractive body lines hold a definite appeal. The front grille and hood contour follows the style popularized by Graham in 1933.

PRICE BROS. PLAN GOES TO TRUSTEE, ANOTHER COMING

Duke-Price, Rothermere-Beaverbrook Offer May Bring Another Plan

Details of plan foreshadowed a month ago for internal organization of Price Bros. & Co. were made public on January 16 when Hon. Gordon W. Scott, trustee in bankruptcy, announced that plan of the Duke-Price Power Co. in collaboration with Lords Rothermere and Beaverbrook had been received.

Each bondholder would receive under this plan a new first mortgage bond of same rank as the present bonds, dated February 1, 1934, and extending maturity 10 years. Arrears of interest will be covered in face value of bonds offered.

Unsecured creditors are offered at their option either cash equal to 25 per cent of proved claims or 4 per cent certificates of indebtedness of a principal amount equal to 75 per cent of proved claims. Interest would be cumulative to the extent that it is earned from year to year.

Preferred Par Value Reduced

Old preferred shareholders are offered $2,513,720 par value of new 6 per cent preferred stock of par value $40 in return for the same amount of preferred of par value $100 and three-fifths of one new common share for each preferred share held.

Holders of common stock are offered one new common share for each 10 shares now held and this would take up 17 per cent of common stock outstanding of the new company.

For their part, Duke-Price Power Co., Lord Rothermere and London Express Newspapers undertake to underwrite an issue of $5,000,000 of 7 per cent general mortgage 25-year debentures and will receive a commission of 35 per cent of common shares for doing this. This plan will be submitted to various groups of shareholders. Duke-Price Power Co. announces that it will agree to have its large claim against the company liquidated over a number of years if the plan goes through.

Word comes from Montreal that the Bowater group also intends to make a new offer and probably this week. The first offer was rejected by the trustee on the ground that unsecured creditors and stockholders were not well enough looked after in the proposals. The new plan will take that criticism into consideration. The offer as respects the bondholders is much the same as the Duke-Price plan. Preferred may be offered less preferred than in this Duke-Price plan but more common.

Manages Trust

H. R. JACKMAN
recently appointed vice-president of Canadian General Investments Ltd.

WATERWAYS MAY ABSORB $200,000,000

(Continued from page 1)

ada Cement and Canadian Dredge in this section alone.

The entire improvement from the head of Lake Superior to Montreal for both navigation and power will cost $543,429,000 on the basis of 1926 costs, and possibly 20 per cent less at today's price levels. Canada has already spent $128,000,000 of this on the new Welland Canal, which is 27 feet deep. Ontario will have to pay $36,931,000 direct for power housing and machinery equipment alone. The United States has also agreed to a cash expenditure through the International Commission for Canadian engineers, labor and material of $54,718,000. Add these amounts to the cash payments by Ontario of $67,202,500 and the net cash expenditure by the Dominion of $38,071,500 and the total to be spent in Canada is $196,923,000, or almost $200,000,000.

There would also be amounts which cannot be estimated for enlarging of harbor accommodation in various ports up to Lake Superior's western extremity. The extra power thrown on the market would have to be sold at very cheap rates for steam conversion and for domestic heating of water. That would stimulate a wide variety of firms.

Wineries Seeks Listing Toronto Stock Exchange

Canadian Wineries is seeking listing for its common stock on the main board of the Toronto Stock Exchange instead of the curb and on the New York Curb. Shareholders are informed in a letter accompanying dividend cheques that the profit for seven months ended November 30, 1933, amounted to $34,500 after depreciation.

Work cn the Lewiston building to manufacture still and sparkling wines for the United States is just about to begin. Contracts have been awarded.

Public Utility Earnings

Jamaica Public Service

November—	1933	1932
Gross Earnings	$ 68,969	$ 65,219
Net Earnings	32,087	27,871
Surplus after Charges	22,756	18,581
12 Months End. Nov. 30—	1933	1932
Gross Earnings	$798,789	$791,007
Net Earnings	330,458	320,492
Surplus after Charges	216,985	208,677

Sixteen Firms Leave Canada

The steady increase in fire and casualty companies in Canada which has featured recent years was reversed in 1933, according to records of the federal insurance department. For the first time in many years more companies retired from the Canadian field than entered it. In the former category were sixteen companies, in the latter only three. All companies which retired and one of the new companies were United States institutions.

Those which entered were:

Indemnity Mutual Marine Insurance Co. of London—for fire and property damage insurance.

Fonciere Transport & Accident Co. of Paris—for accident and automobile.

Retail Lumbermen's Inter-Insurance Exchange of Minneapolis—fire and tornado.

The following United States fire insurance companies reinsured their Canadian business:

American Colony, New York.
Globe & Rutgers Fire, New York.
Lincoln Fire, New York.
Mechanics & Traders, New Orleans.
Stuyvesant, New York.
University, Newark.

Hartford Steam Boiler and the United States Casualty had no outstanding business in Canada.

The following casualty companies ceased business in Canada by reason of merger, reinsurance or other causes:

Alliance Casualty, Philadelphia.
Central West Casualty, Detroit.
Constitution Indemnity, Philadelphia.
General Indemnity, Rochester.
Lloyds Casualty, New York.
Lloyds Insurance Co., New York.
National Union Indemnity, Pittsburgh.
Union Indemnity, New Orleans.

Covering Canada . . . and Knowing Conditions.

MODERN, EFFICIENT BANKING SERVICE . . . . the outcome of 116 years' successful operation.

BANK OF MONTREAL
Established 1817

A. J. Pattison, Jr. & Co.
Established 1907 LIMITED
EXCLUSIVELY A TRADING ORGANIZATION
Designed to render a standardized service to Banks, Dealers, Trust Companies, Brokers, Industrial Corporations and Individuals in all
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Investment Counsellor

Investors are at present confronted with unprecedented problems. No one should make any investment or deal with existing investments without first taking disinterested advice from an experienced source.

We assist clients to make sound conservative investments for any amount, large or small.

Crown Trust Company
393 ST. JAMES STREET • MONTREAL
LET US SERVE YOU AND YOUR FAMILY

Highlights of a Successful Year

The record of 1933

"We built our business for days like these"

New Insurance (net)—$92,578,531.
★Insurance in Force (net) $476,811,727.
★Total Income—$21,056,653.
★Assets—$84,516,221.
★Surplus—$11,366,082 in excess of requirements of the Dominion insurance law, of which $3,354,416 is free surplus on the Company's own high valuation standard.
★Mortality Rate for the year was the most favorable the Company has experienced in the past quarter-century, with the single exception of 1927.

★ Indicates a Substantial Gain for the Year.

The quality of the Company's investments can be gauged from the fact that they consist chiefly of (1) government and municipal bonds, and (2) first mortgages so well selected that the overdue interest is only 1.06% of the principal outstanding. Nevertheless, investment reserves and emergency funds totalling over $3,000,000 have been provided to cover investment contingencies.

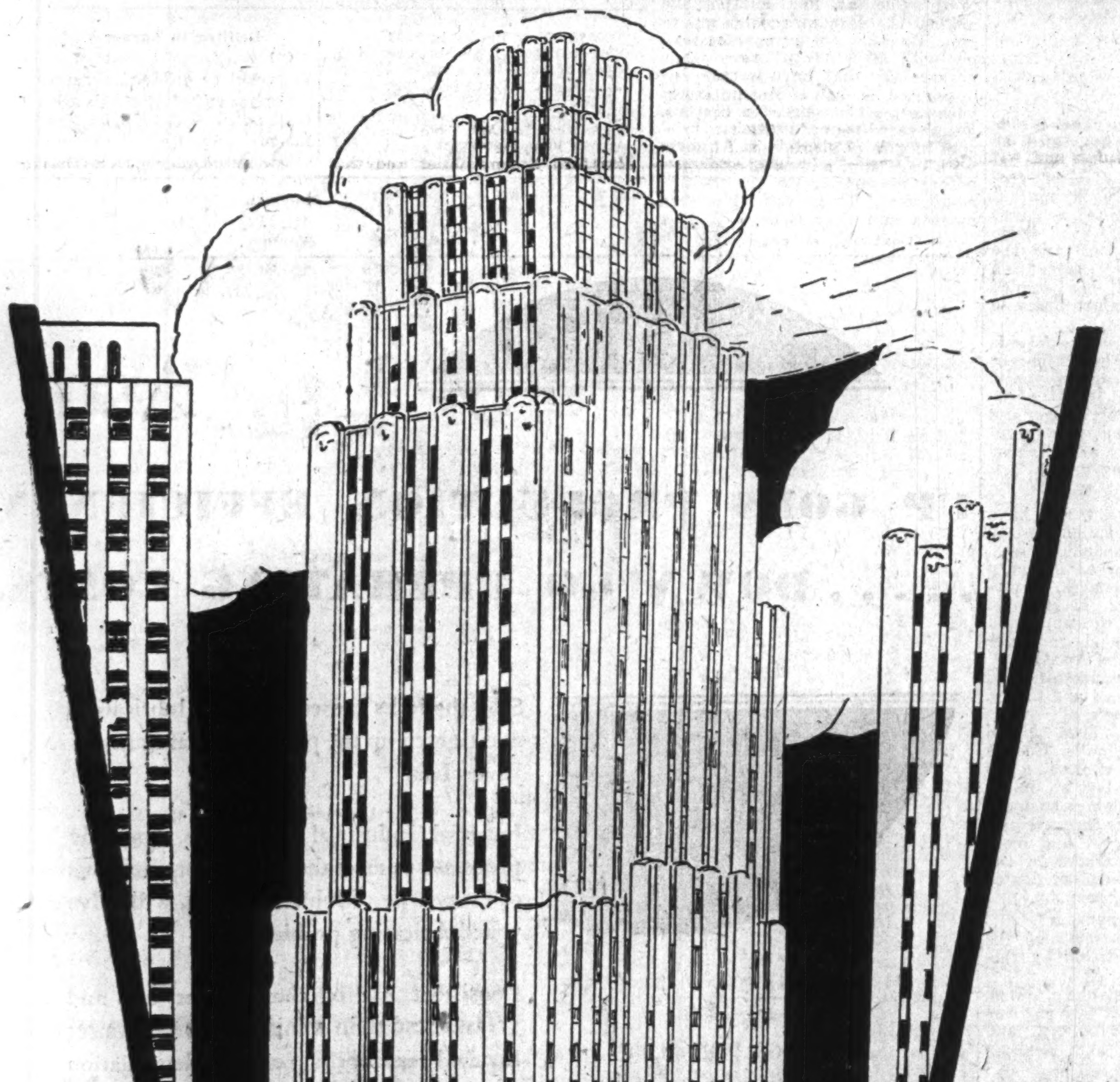
Established 1874
London Life
Insurance Company
"Canada's Industrial-Ordinary Company"
HEAD OFFICE - LONDON, CANADA

MONTREAL
LA PRESSE

Paris is the World's largest French speaking city.

The second largest French speaking city in the World—Montreal.

PARIS



MONTREAL

ALL of us instinctively cling to "family traditions." We prefer the language, the habits and customs of the circle in which we were born and bred. The French-Canadian is no exception.

About one-third of Canada's population is French by race. In Montreal alone about 65% and in Quebec Province 82% speak, read and do business in French.

French Montreal is a concentrated, readily accessible market for products of all prices, covered adequately by one medium and one only—Montreal La Presse.

La Presse not only guarantees a circulation entering the great bulk of the French homes in Montreal; but will also co-operate, through intimate knowledge of the French-Canadian field, with systematic plans for reaching it without effort.

Reach the French through the mediums they know and read!

Toronto Branch, Metropolitan Bldg. Elgin 9652 S. L. Rees, Manager

Utilities and Transportation

MONTREAL POWER ELECTRIC OUTPUT ON BETTER SCALE

Upward Trend Continues — Returns for 1933 Held Up Well

From Our Own Correspondent

MONTREAL.—Montreal Light, Heat and Power Consold. output of electric energy in the Montreal area during 1933 aggregated 919,943,188 kw.h. This compares with 970,480,500 kw.h. in the previous year, a reduction of 50,537,312 kw.h., or 5.2 per cent.

Output of the entire system in 1932, including power sold for export, etc., was 1,249,312,710. Complete figures for 1933 are not available, but it is understood that production will compare favorably with 1932. Power exports have increased materially, but there has been an interchange of power with other Quebec companies which will largely offset the gain in exports.

Make Consistent Gains

For the past several weeks output has been running well ahead of the corresponding period of the previous year. In the final week of 1933 the company's output rose 11.32 per cent, being the 11th consecutive gain since the improvement in output first became apparent in the fall months.

In the first week of January the improvement has continued. Output of power in the period totalled 19,289,420 kw.h. compared with 18,401,690 kw.h. in the first week of 1933, an increase of 6.97 per cent, and the 12th consecutive weekly increase. These figures apply only to the Montreal area and do not make allowance for interchange of power, exports, etc.

CANADA NORTHERN REPORTS PROGRESS

Shareholders Informed of Developments in Past Quarter

From Our Own Correspondent

MONTREAL.—Further increase in both gross and net earnings, as well as an expansion of power operations, are outlined in a circular letter sent to the shareholders of Canada Northern Power Corp. covering the last quarter of 1933.

After dealing in detail with earnings, the letter goes on to say:

"Since the date of our last report, we have secured a contract with Cadillac-O'Brien Mines whose property is located in Cadillac Township, Quebec, a distance of about 32 miles east of Noranda for the supply of power to that mine.

"This will necessitate the construction of a transmission line in an easterly direction from our present substation at Noranda.

"The right-of-way for this line has now been surveyed and plans for the building of the line are well advanced.

General Conditions Satisfactory

"General conditions in the area served by your company continue to be satisfactory, as the mines in the various camps are taking full advantage of the high price of gold, and maintaining production at a high level.

"In accordance with the company's policy of passing on to its customers, a portion of the profit made possible by increased utilization of electricity, a reduction in rates to our commercial lighting customers was announced in November. This will be effective early in the New Year, and is expected to result in still greater use of the company's product.

"An arrangement which should prove of advantage to your company has been entered into whereby net future power required will be purchased from the Ontario Hydro-Electric Commission. This will obviate the necessity of any further capital expenditure for the provision of generating capacity."

Philip Whitehead, Manager Vancouver Investment Firm

Philip Whitehead has been appointed general manager of de Wolf & Co., Vancouver, investment bankers and members of the Vancouver Stock Exchange.

Announcement has been made that offices of the company have been moved to 840 Hasting St. West, Vancouver.

City Gas and Electric Seek Another Property

From Our Own Correspondent

MONTREAL.—City Gas and Electric Corp. is reported to be negotiating the acquisition of a Quebec public utility on a share exchange basis. No particulars are available as to the company to be acquired, but it is said that it will add considerably to the assets and earning power of City Gas.

Record Cotton Import

The largest consignment of raw cotton to reach Saint John in several years has been taken over by the Canadian Cottons' York Cotton Mill of this city. The cargo consists of 2,000 bales weighing a million pounds. It is from the Southern States.

Big Carloading Gain In Newfoundland

Car loadings on the Newfoundland Railway amounted to 1,307 cars in the first three weeks of December, which represents an increase over loadings during the corresponding period in each of the five preceding years.

Loadings in the same period in 1932 amounted to 1,224 cars; in 1931, 1,036 cars; in 1930, 1,037 cars and in 1929, 1,286 cars.

N. S. COLD STORAGE SALE OF PROPERTY MEETS APPROVAL

Bondholders Accept Halifax Harbor Debenture for Interests

From Our Own Correspondent

MONTREAL.—Both bondholders of Nova Scotia Public Cold Storage Terminals have approved the scheme of arrangement between the bondholders' committee and the Halifax Harbor Commission, whereby the latter takes over all assets in return for $1,700,000 of 3 per cent 5-year debentures of the commission.

For months past the committee and the commission have been negotiating the sale of the property. Various matters have intervened to delay an earlier settlement. The publication of the Gibb report on the Canadian harbors, which favored the taking over of the cold storage facilities by the commission, gave added impetus to the negotiations and the committee finally closed the deal for $1,700,000.

Pay Off Bondholders

Proceeds of the sale will be used to pay off the holders of the first mortgage bonds, of which there are outstanding $1,700,000. The bonds are in arrears of interest, but in accepting the exchange all rights to interest arrears are waived.

Nova Scotia Public Cold Storage was incorporated in 1928. It established a three-unit plant on the Halifax waterfront at a cost of $3,000,000. The Federal Government subsidized the enterprise to the extent of 30 per cent of the cost of building and equipping the plant.

Public financing was carried out through the issuance of $1,700,000 of bonds. In addition $220,000 of 7 per cent cumulative preferred stock and 50,000 shares of no par value common stock were issued. Holders of the capital stock do not receive anything under the deal with the Halifax Harbor Commission.

MONT. TELEGRAPH COVERS DIVIDENDS

Fixed Income Meets All Disbursements in 1933

From Our Own Correspondent

MONTREAL.—Montreal Telegraph Co.'s 87th annual report, covering 1933, shows little or no variation from that of previous years. The company's properties are operated and maintained by the Great Northwestern Telegraph Co. of Canada, now part of the Canadian National Telegraph System. The lessee pays an annual rental on these properties of $165,000; which sum also is guaranteed by the Western Union Telegraph Co. This sum is sufficient to pay regular dividends of 8 per cent on the company's capital of $2,000,000, less the Canadian Government income tax.

Particulars of the income statement and contingent accounts for the past two years follow:

	1932	1933
Revenue	$168,527	$168,129
Less: Dividends	141,000	140,000
Income tax res.	19,000	20,000
Expenses	5,651	5,892
Balance	2,876	2,237
Br't. forward	49,778	49,714
Less: Extra tax	3,946	2,133
Add: Unclaimed divds.	6	6
Carried forward	$48,714	$48,824

The only change which has taken place in the balance sheet is an increase in "cash, investments, accrued revenue, furniture in Montreal" from $109,025 to $111,338. This increase is due to surplus revenue, resulting from income from investments during 1933.

Jamaica Public Service Earnings Register Gain

From Our Own Correspondent

MONTREAL.—Jamaica Public Service gross and net income last November was greater than for the same month of the previous year. The company reports a revenue in November, 1933, of $68,969; net earnings of $32,087; and a surplus after all senior charges of $22,756. For the same month in 1932 gross revenue totalled $65,219; net income $27,871 and surplus after charges $18,581.

PORT OF SPAIN BIDS £400,000 FOR UTILITIES

Canadian-owned Trinidad Electric May Change Hands

From Our Own Correspondent

MONTREAL.—Municipal council of Port of Spain, Trinidad, has agreed upon a sum of $400,000 as its bid for the holdings of the Canadian-owned Trinidad Electric Co.

This offer, which has yet to be made officially, falls about $1,000,000 below the $3,000,000 valuation set by the company on its properties.

The council, majority of which favor acquisition, hopes to operate the electric plant and tramways as a municipal undertaking.

Controlled by Canadians

Control of Trinidad Electric rests with Halifax interests. The company was incorporated in 1869. Operations were carried on under an exclusive franchise with the Port of Spain. This franchise expired in March, 1931. Under the terms of the agreement, the city had the option of renewing the franchise or taking over the property under the terms of the contract.

The company has no funded debt, a 5 per cent debenture issue having been retired on June 1, 1931. Capital stock consists solely of $1,164,000 of common stock. Dividends have been paid on the stock more or less regularly. A disbursement of 5 per cent was paid regularly for many years to 1915; none in 1916; 3¾ per cent in 1917; none between 1918 and 1920; 3 per cent in 1921; 4 per cent in 1922 and 1923; 4¾ per cent in 1924; and 5 per cent from 1925 to 1930, when they were discontinued.

SOUTHERN CANADA CUTS RATE SCHEDULE

U. S. Manufacturers Show Interest in Territory for Branch Plant

From Our Own Correspondent

MONTREAL.—Considerable interest is still shown by United States manufacturers regarding the possibilities of establishing branch plants in Canada, especially in the Eastern Townships of Quebec, according to the circular letter sent by Southern Canada Power Co. to its shareholders and covering the last quarter of 1933.

In this report to shareholders, the company states:

"At Granby, the British American Silk Mills have acquired a building and transferred their operations from Montreal to Granby and will install additional equipment to increase their volume of production. The Esmond Mills have recently completed arrangements to take over the whole of the building in which they formerly leased two floors. The Granby Elastic Web is building an addition of 16,000 square feet to its plant.

"At St. Johns, negotiations have been completed with the Richards Chemical Co. of Jersey City, N.J., to establish a Canadian factory for the manufacture of chemicals used in the textile industry.

New Rate Schedule

"The proprietors of the City of St. Hyacinthe recently voted by a large majority in favor of the municipalization of electricity; and as it has been the consistent policy of your company to reduce its rates from time to time, it was felt under the circumstances that it would be better to immediately announce the reduction for this year rather than to wait until spring, as usual, and at the same time announce a further reduction for 1935.

"These reductions will become effective in the spring of 1934 and 1935, and will apply to communities where two thousand or more customers are grouped together, as in St. Hyacinthe, St. Johns, Drummondville and Granby.

"The rate reductions which have been made by your company in these communities show a steadily decreasing cost of electricity to the consumer, as illustrated by the cost of 100 kilowatt hours per month for lighting in St. Hyacinthe:

1913	$12.25
1914	7.50
1929	4.50
1933	4.00
1934	3.05
1935	2.90

Give Low Rate

"The rates charged by your company can be favorably compared with the rates in all other parts of the continent, with the possible exception of a few favored communities where, by government bonuses, the use of government credit, and the elimination of taxes, some customers may appear to be better off, though obviously such advantages have to be compensated for, in other ways.

"Your company has in mind further reductions in its rates, which it will be glad to give effect to, as the circumstances warrant, and in this, all our shareholders can help. The more electricity is used, the more we can lower our rates, and our shareholders can help us to increase our sales of electricty, and can help to reduce the unfair burden of discriminatory taxation. This company with its 8,800 shareholders, is more publicly owned than most public enterprises of its size, and with the whole-hearted co-operation of all interested in its success, it can and will give service second to none at rates comparable with any."

Southern Canada Power Net Higher in December

From Our Own Correspondent

MONTREAL.—Southern Canada Power Co.'s earnings for last December registered a gain, but for the quarter ended with December, 1933, there was a slight decline in net income. Gross revenue for the month totalled $188,343, or $197 lower than for the same month in 1932. Operating expenses, however, were reduced by $4,070, leaving net income at $121,432 compared with $125,705 for December, 1932.

During the three months ended December, 1933, Southern Canada had a gross income of $555,502, expenses $198,308 and net revenue of $357,194. For the corresponding quarter of the previous year gross income aggregated $563,583, expenses $191,811, and net income $371,772.

Public Utility Earnings

Southern Canada Power

December—	1933 $	1932 $	Decrease $
Gross earnings	188,343	188,540	197
Oper. expenses	66,911	62,835	*4,076
Net earnings	121,432	125,705	4,273
3 Months—			
Gross earnings	555,502	563,583	8,081
Oper. expenses	198,308	191,811	*6,497
Net earnings	357,194	371,772	14,578

*Increase.

BONDS
for the RECOVERY

PRINCIPAL business indices point to continued advance in Canada's return to more prosperous conditions.

This improvement is already finding reflection in higher earnings and in the market price of securities of well-established Canadian companies.

We believe that the bonds of a number of companies which have continued to meet their interest payments regularly are now selling below their real worth and offer prospect of market appreciation.

We shall be glad to furnish details of such issues upon request.

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Garfield Weston Now Makes Biscuits for Three Nations

Youthful President of George Weston, Limited Expands Sales, Earnings, Plants and Strength Despite Depression

By WELLINGTON JEFFERS

Current buyers of the common stock of George Weston, Ltd., which owns subsidiaries manufacturing biscuits, bread, cake and candy in three countries, claim they are displaying a warranted confidence by paying $50 a share for stock that is paying the same dividend of $1 a share that it paid in 1932 when the stock reached the low point of 16½ and when earnings for the entire year were only $1.09 a share.

They are buying in expectation of a financial statement within a few weeks, which The Financial Post understands will show about $2.50 a share as having been earned in 1933, and they believe on good grounds that such earnings may result either in dividends being doubled or in the stock being split in two with dividends remaining still $1 a share on the split stock.

GARFIELD WESTON —Caricature by Cecil.

Back Weston to Limit

The Financial Post is told that if December and January earnings are an earnest of what profits will be throughout 1934, it is conservative to expect profits available for common stock in 1934 to be as much ahead of 1933 as 1933 will prove to have been ahead of 1932. The process of acquiring entire ownership of the common stock of all important subsidiaries is practically completed and therefore in the future the Canadian company will benefit materially if the United States subsidiary and the English subsidiary become, as expected, even more important earners than the Canadian company. Some important financial men in the United States and some strong men in England are saying with their money that this will be so, and it is an open secret that their faith in the future of the company is the reason why George Weston, Ltd., was able to complete disposal of 37,000 additional shares of its common stock during 1933 at prices running from $25 to $45 and thus bring entire control of all subsidiaries and associated companies to the Canadian company.

All Departments Show Profit

This outside help in the most important expansion policies initiated in 1933 was gained entirely by sale of common stock. The company does not owe a dollar to the banks either directly or through a subsidiary and The Financial Post understands from a well-informed source that the company is likely to show cash to have been nearly half a million dollars at the end of 1933. It has no bonded indebtedness and every part of the business is earning a profit—bread, biscuits, cake, candies—and it is as true in the United States and the United Kingdom as it is in Canada. The Scotch company, only purchased last summer, has earned a profit in every month and the United States company will have profits in January of 1934 five times those of January, 1933. It is true that profits were only $5,000 in January one year ago but United States and Canadian officials alike are very optimistic. Production is mounting rapidly at present.

Back From War to War

Back of the company and its rise and of the stock and its rise is the story of Garfield Weston, the company's president. One cannot understand why a comparatively sound but small company should be able to withstand the slings and stabs of outrageous fortune in a period when thirteen other old-established companies passed out of existence by way of merger, sale or bankruptcy without knowing who and why and what Garfield Weston is and that can only be shown by telling his story so far as it can be gleaned from those who have known and associated with him.

One Canadian thought he had hit Garfield Weston off by describing him as "a bit of high explosive." An American shareholder says that if Kipling's Fuzzy Wuzzy were only "white, modern and up to every wrinkle in modern business" he would be a fit mate for Weston who also is "all hot sand and ginger" and very much alive.

The Canadian's definition may be wrong as other Canadians assert his force is constructive rather than destructive. Certainly high explosive has been striking the Canadian biscuit and bread industries ever since the day in 1919 when Garfield Weston came back from war at the age of 21 and entered George Weston, Ltd., a solidly established biscuit business built up by the patient perseverance, hard work, conscientious attention to detail, and practical intelligence of his father, George Weston. The high explosive was provided by the post-war depression, the aggressive expansion policy of large companies, such as Canada Biscuit Co. and National Biscuit Co., the creation of productive facilities beyond market requirements on quite a large scale during the '20's, the boom period of 1928 and 1929 and the exceedingly severe depression which followed. It has needed qualities of an uncommon order to survive such a period.

It was evident at once to friends back in 1919 that the heir apparent to the business was bringing youth, energy, ambition and ideas—whetted by contact with war, danger and victory—to meet the new problems, the new dangers and the new opportunities cropping up.

Quick Progress

Garfield Weston did not have much time, though time enough, to prepare for these arduous times. By 1921, having worked in every department of the business, he was made vice-president; he became manager in 1922 and was appointed president and general manager when his father died in April, 1924. In 1926 he became president of George Weston's Bread and Cakes, Ltd., now a subsidiary of George Weston, Ltd., and by 1928 he had matured plans to make George Weston not only an expanding enterprise in Canada but an international company doing business on an expanding scale through subsidiaries in the largest and most attractive biscuit markets in the world, that is, the United States and the United Kingdom.

Record of Expansion

Here is a bald resumé of the steps in expansion taken by this company:

1928—bought control of Wm. Paterson, Brantford, which has manufactured confectionery and biscuits since 1863 and was reorganized in 1926;

1928—formed the George Weston Biscuit Company with plants at Watertown, Mass., and Passaic, New Jersey, later changed to Weston Biscuit Corporation and later still to Weston Biscuit Co. Ltd., in 1931, since when operations have been concentrated at Passaic, New Jersey.

1931—secured control of George Weston Bread and Cakes, Ltd., which previously had secured control, through the urgency of Garfield Weston, of Lawlor's Bread, Ltd., and Regal Bakeries.

May, 1931—secured control of Independent Biscuit Company, of Calgary, Alta., jointly with George Weston subsidiary, Wm. Paterson, Ltd., and has operated the plant in Calgary ever since.

August, 1933—Mitchell & Muils, Aberdeen, Scotland, with a fine name and well known for 150 products manufactured and sold through the British Isles, sold entire control to George Weston, Ltd.

December, 1933—George Weston Bread and Cakes, Ltd., bought the remaining assets of Ontario Bakeries from receivers and will therefore operate additional bakeries at Stratford, Guelph, St. Catharines, Woodstock, Barrie, North Bay and Sudbury, thus giving the bread subsidiary a much wider area of operation around Toronto.

Boy's Idea Makes Good

Bankers, the public and private capitalists by turn aided Garfield Weston to attain his objective in the building up of his company, but the man himself, the group of executives which he has gathered around him, and the principles which have guided them, are the real fundamental reasons why the money has been made available. Ideas without money to put them into effect may be sterile but money without ideas soon takes a header into the abyss.

To illustrate the potency of an idea in the realm of business and finance, one who knows Garfield Weston well states that the idea of concentrating on English type biscuits, an idea which is really responsible for George Weston products obtaining a special character and reputation in Canada and a growing one in United States and English markets, dates back to the short leaves granted Garfield Weston from the arduous work of the Canadian engineers in France during the last years of the Great War.

That boy of 18, familiar with his father's business, visited English plants and was completely possessed by the idea that English biscuits should be made by George Weston in Canada and eventually in England itself. He held tenaciously to the idea after his return to Toronto and eventually felt that Weston was making biscuits in every respect equal to those he knew in the British Isles. He thought those biscuits would be appreciated in the United States and used every resource of persuasion and demonstration to get the capital and plant needed to make his ideas effective. That venture for a time had a period of hard sledding owing to the dislocation of business, finance and banking in the United States. But that company is now over the top, making money and expanding production monthly. Through all these ventures, the idea clung to him, however, that the real opportunity would be to go back to what he has described as the finest and biggest biscuit market in the world, that is, to the United Kingdom, to ally himself with people having the most experience in that business and to develop it there for all it is worth. He is almost twice the age that he was when the idea first occurred to him but now he is a successful British manufacturer.

Profits by Advice

Garfield Weston is used by this time to hearing plenty of good advice not to do things. He is also used to going ahead and doing the things he is advised against, profiting, however, from the good advice to provide as far as possible against the dangers pointed out to him. He was told by various people with all kinds of picturesque phraseology that he was crazy or ill-advised or rash or precipitate in pushing his United States venture. Experienced men of undoubted wisdom in affairs also advised him to walk carefully, and to ponder well before embarking on the British adventure. They told him six months ago that George Weston

(Continued on page 12)

136 New Plants in 1933

New industrial plants opened in Canada during 1933 totalled 136. Of this number, fifty were either direct subsidiaries of American concerns or were established to manufacture a product of an American company, formerly imported into Canada. Only six plants, mainly engaged in the textile trade, were directly connected with British firms, and four with companies in other countries. Seventy-six plants were organized solely in Canada.

Drilling in Turner Valley

Oil men predict that at least 25 wells will be drilling in Turner Valley by the end of April this year. Most of the new wells will be located in the prolific south end of the valley, where remarkable success has been obtained at such wells as Sterling Royalties No. 1, Morland No. 1, Sterling Pacific, Mar-Jon-Freehold, and Mercury.

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News of Investment Markets

SAY ONTARIO COULD OBTAIN BETTER PRICE

$40,000,000 Issue Sold Too Low, Dealers Believe

PRICES STRONGER

Rise of Western Provincials and Corporation Issues Gives Secondary Mart Better Appearance

Quick sale of $40,000,000 of 3-, 6- and 15-year debentures by the province of Ontario on Jan. 15 featured the bond market in the week ended Jan. 16. Oversubscription of the issue within three hours of the offering was attributed to the attractive prices at which it was sold. Financial circles agreed practically unanimously that the prices were lower than those prevailing in the open market by as much as a full point. One large dealer openly pointed this out, by inference, in a circular.

The issue consisted of 3-year 4's offered at 99 to yield 4.36 per cent; 6-year 4½'s offered at 100 to yield 4.50 per cent, and 15-year 4½'s offered at 97 to yield 4.78 per cent. Amounts sold in each maturity have not been announced, but it appears that a good many of the 15-year bonds were placed, since Hon. G. S. Henry, acting provincial treasurer stated the cost to the province would be about 4.60 per cent.

As an example of the price attraction it is cited that Ontario 4½'s of 1950 were quoted 98 bid, 99 asked, on Jan. 12. The market softened slightly on Jan. 13 when it was known that the issue was about to be made. And on Jan. 15, 4½'s, due 1949, were offered by the province at 97. Dealers were practically unanimous that a better price could have been obtained, one suggesting a price of 98 for this maturity. Dealers' offerings of the new 15-year bonds were at 98½ on Jan. 16.

Hazard Reasons for Price

The decline in the market upon announcement of the offering was variously ascribed to the low prices asked for the bonds and to slight softening in New York. Reasons for offering the bonds so low included suggestions that the issue was the largest made by the province in years and that softness in the market late in 1933 led authorities to believe that concessions were necessary to ensure early success; that there was some political motive in view of the 1934 election in Ontario; that knowledge of some pending unfavorable financial development might have been held by those in charge.

In using the three maturities, Mr. Henry, in his first financing as acting treasurer, followed the plan of the Dominion in its loan of last October. The loan was managed by a committee of dealers in conjunction with the provincial treasury.

Purpose of the loan was to fund bank loans of $15,000,000 obtained to meet one-year, 3½ per cent notes redeemed at maturity on Nov. 1, 1933, in New York; to fund $7½ millions of T. & N. O. Ry. and some $3 millions of Ontario Hydro expenditures; and to provide $14½ millions for advances to the Ontario Agricultural Development Board and for relief expenditures. The amount for relief purposes is estimated at from $10 to $12 millions.

Province Made Savings

The province saved a substantial sum by redeeming and repatriating the New York notes when the Canadian dollar was near parity in 1933. It also saved in interest costs by including the T. & N. O. loan in the provincial financing. Last September tenders had been asked for the railway debentures, when bond prices were particularly strong, and the only bid was on a cost basis of 4.94 per cent. This had been considered too expensive, so the province has borrowed the money for its railway, which will owe the money to the Government. A further saving could have been made, however, by getting a better price for the $40,000,000 issue, dealers state.

The downward trend of yields, and the upward course of prices is indicated over the period in which the loan was floated as follows:

Average Yield on Seven High-Grade Canadian Bonds

	%		%
Jan. 16	4.437	Jan. 10	4.454
Jan. 15	4.444	Jan. 9	4.459
Jan. 13	4.441	Jan. 2	4.517
Jan. 12	4.446	Dec. 30	4.536
Jan. 11	4.446	Nov. 30	4.557

Secondary Market Firmer

But for a brief interruption, thought to have been caused by the Ontario flotation, gilt-edged Canadian issues were firmer and active in the week at the best prices since early November. Despite spread of municipal defaults in Ontario and Quebec, keen demand is reported for better class municipals, such as London, Kingston and Ottawa loans. Some defaulted municipals, such as York township loans, are finding some favor among dealers as speculations.

Western provincial issues continued to rise sharply in the week, gaining one-half to two points, thus duplicating advances of the preceding week. Combined with continuation of strength in corporation issues the result was that quotations for secondary bonds again began to look to dealers like a market instead of a shambles.

Bond Tenders

12 o/c noon, Feb. 5, Township of Trafalgar.—$15,925, 5½ per cent, 30-installment, local improvement bonds; $1,500 5½ per cent, 10-year serial, breakwater bonds. W. E. Ford, treas., Trafalgar.

3 p.m., Jan. 19, Town of Richmond, P.Q.—$20,000, 5 per cent, serial bonds, due 1947 to 1968, local improvement. Camille Dupuis, treas.

BISHOP REALTY BONDHOLDERS' EQUITY SHAKY

Lessors of Property Take Action to Cancel Lease

From Our Own Correspondent

MONTREAL. — Lessors of the property held by Bishop Realty Corp. under lease have instituted action against the company and the trustee for the 7 per cent first mortgage bondholders to cancel the lease because of the non-payment of rentals and taxes in excess of $40,000.

The corporation intends to contest the action, but the Montreal Trust Co., as trustee, does not propose to contest unless it is required or is indemnified against the cost and expenses or a sum in cash of not less than $1,500.

Public notice to this effect has been given by the trustee who states that cancellation of the lease will result in the loss of the security of the bonds. The trustee further points out that the lessors may be successful in their action even if the suit is contested.

Need at Least $50,000

Even if the present action is unsuccessful, the trustee says that it is imperative that approximately $50,000 be raised immediately to cover rentals, taxes and expected operating deficits if the security of the bonds is to be saved.

Controversy Nears Decision On Tariff Board Powers

Facts and Developments in Dispute of Board With National Revenue Department Being Watched in Canada and U. K. — Situation Surveyed in Detail

From Our Own Correspondent

OTTAWA.—The controversy between the Tariff Board and the National Revenue Department will probably come to an end late this week when the Cabinet hears the appeal of Doon Twines, of Kitchener.

This appeal has been taken against the first ruling of the Tariff Board, made October 30, in which the board not only ruled the jute twine valuation illegal, but declared that valuations could no longer be imposed upon goods entering Canada under the preferential tariff.

Question of Revenue

The controversy presents the Government with a difficult problem. Not only are there important questions of law and jurisdiction involved, but there is also the indirect effect of the dispute upon the Anglo-Canadian treaty

The Tariff Board is a vital part of the treaty. If the Government decides against the board in a matter involving tariff on British goods, the board's prestige in Britain will be seriously impaired. This is true, notwithstanding the fact that the questions at issue are purely domestic and that the treaty enters the picture only to the extent that Canada undertook in Article 17 that "all existing surcharges on imports from the United Kingdom shall be completely abolished as soon as the finances of Canada will allow."

In the domestic sphere the issues are simple. Is the Tariff Board a truly constituted Court of Appeal in matters of tariff enforcement? Can the business interests of the country appeal from decisions of the National Revenue Department to the Tariff Board?

These questions raise matters of law as well as of jurisdiction. The Government, through counsel, has already argued before the board that responsibility for tariff administration rests exclusively with the National Revenue department and that the board is purely an advisory body without power to set aside or to vary decisions of the department. If this view is adhered to, the cabinet will certainly grant the appeal of Doon Twines. But there are great difficulties in the way of such a decision.

Chronology of Dispute

First there is the dispute proper. A summary of the important facts to date follows:

December 3, 1931—An arbitrary valuation on jute twines imposed.

November 25, 1932—Amendments to Customs Act enacted cancelling the power of the government to impose valuations on British goods.

May 20, 1933—Jute twine valuation revised to include wider range of twines.

October 30, 1933—Thomas Bonar and Co. of Montreal, appeals to Tariff Board asking cancellation of valuations.

October 31, 1933—Chairman Sedgewick of Tariff Board, rules the appeal must be allowed on the ground that the valuation of December 3, 1931, ceased to be in effect upon the enactment of the 1932 amendment and that the revised valuation of May 20 was without jurisdiction and never had any force or effect.

November 1, 1933—The National Revenue Department declines to accept the ruling and maintains the valuations in force against British goods.

November 13, 1933—Doon Twines, of Kitchener, appeal from the Sedgewick decision to the cabinet.

January 6, 1934—Hon. R. C. Matthews announces that the cabinet will hear the appeal and that the department will take no action until the cabinet decision is given.

January 9, 1934—The Commercial Twine Co. of Montreal appeals against the twine valuation on precisely the same grounds as the Bonar appeal.

January 11, 1934—The board delivers judgment declaring that the imposition of the valuation was illegal and decreeing that the higher tariff collected in consequence thereof should be refunded.

At the hearing on January 9, Mr. Sedgewick carried the battle to the department in no uncertain way. The department failed to send counsel and the customs officers in attendance abstained from argument. Mr. Sedgewick notes this in his judgment. He says the appeal was heard: "in the presence of L. A. Wilmot, representing the Commercial Twine Co. Ltd., no one appearing for the Department of National Revenue although duly notified."

And in summing up he used these words:

"It is unfortunate that the authorities should not assist us with argument in seeking to clarify this important issue. In view of the circumstances attending our last finding it is very unfortunate that no one has appeared to assist us. The board ought to have this assistance. I want to say as solemnly as I can that we are entitled to the assistance of officers of the Crown. And we are not getting it."

Decide Two Questions

The legal aspects of the dispute turn on two questions.

The first is this: Is the Tariff Board an advisory body or does it possess power to hear and deal with appeals from decisions of the department?

The second question is: If the board has the jurisdiction of an Appeal Court, does the Customs Act permit of appeals to the cabinet?

The first question turns entirely on the sections of the Customs Act dealing with the Customs Board, whose powers the Tariff Board has inherited.

Different Powers

Very important differences may be noted in the statutory powers inherited by the Tariff Board: Section 38 of the act gives the board power to review decisions of appraisers or collectors as to fair market value and the rulings of the board when signed by the minister are final. There is no appeal. Section 48, on the other hand, gives the Board power to correct errors in appraisal or valuation and the Board's decision does not require the signature of the minister and is not subject to appeal to the cabinet. Section 54 gives the Board power to decide differences which arise regarding the proper rates of duty to be charged. The decision must be signed by the minister before becoming effective and is subject within sixty days to appeal to the cabinet.

In dealing with the jute twine case the Tariff Board elected to exercise the powers conferred in section 48. But the department and Doon Twines neatly sidestepped this issue and chose to believe that the Board had acted under section 54 — thus making the present appeal possible. In the decision of January 11 the Board seeks to weaken the position of Doon Twines and the department, saying:—"The Board hereby appraises and values," which is a paraphrase of section 48.

Customs Act Not Clear

The Customs Act, at least to the layman, disposes of any argument that the Tariff Board is only an advisory body. But like most statutes it speaks with more than one voice. In hearing the Doon Twines' appeal the government can do one of two things. It can listen to the argument and give a decision, thereby bringing the Board under the direct control of both the Government and the Minister of National Revenue (whose signature would be necessary to validate decisions of the Board), or it can throw out the appeal on the grounds that the Board acted under section 48 of the Customs Act and is not subject to control either by the minister or the cabinet. If the latter is done the Board will promptly emerge as an appeal court and its power over the National Revenue department and its freedom from political interference will be accepted facts.

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Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Provincial—	Date Sold	—Offered by—	Rate	Due	Amount	Offering Price	Yield
Ontario	Jan. 15	Banks and investment houses	4%	1937	$40,000,000	99	4.36%
			4½%	1940		100	4.50%
			4½%	1949		97	4.78%
Nova Scotia	Jan. 9	Dominion Securities, Wood, Gundy, A. E. Ames, Bank of Commerce, Royal Bank	4½%	Ser.	$3,000,000	100	4½%

Investment Notes

Significant Investors' Index Numbers

1926 = 100

	Iron and steel	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied products	Beverages	Total industrials	Total utilities	Total co's.
No. of Securities:	17	6	4	4	10	18	8	87	20	113
1929-33:*										
High	383.8	118.2	267.4	416.8	110.1	193.8	201.4	311.0	163.6	235.4
Low	36.8	1.4	34.9	78.3	24.0	66.5	27.2	44.0	30.5	38.6
Monthly Figures, 1933:										
January	50.8	4.0	42.0	95.7	38.1	84.4	35.1	60.7	45.9	51.9
February	46.1	5.0	41.0	89.5	35.4	82.4	34.2	58.0	40.4	48.1
March	46.6	3.2	39.1	89.8	34.0	80.8	37.9	59.1	39.9	48.2
April	50.6	3.8	45.9	101.7	32.9	87.8	39.9	69.7	40.4	53.9
May	68.2	5.5	63.1	127.0	48.2	106.2	66.8	88.6	49.5	67.1
June	86.5	9.3	72.9	146.9	58.4	121.8	112.4	107.1	56.4	79.0
July	102.3	12.3	82.1	162.5	63.4	143.3	173.7	122.3	61.5	88.4
August	95.2	11.2	71.3	153.2	62.5	130.8	160.9	117.2	56.8	83.6
September	88.6	10.8	75.8	156.1	65.2	124.9	168.6	119.1	58.5	83.5
October	75.7	8.9	73.6	133.6	61.6	115.1	134.8	103.6	48.5	74.5
November	78.6	8.5	72.9	155.7	60.8	118.1	135.1	113.4	47.8	78.3
December	79.3	7.8	68.4	143.9	58.6	117.1	148.5	111.4	47.8	77.5
Weekly Figures, 1934:										
Jan. 4	82.8	7.6	74.0	144.4	60.4	122.0	188.8	115.4	48.7	82.8
Jan. 11	87.4	10.0	76.0	149.4	63.7	125.2	193.3	118.6	52.4	86.2

*High and low of years from 1929 to 1933 inclusive are based on weekly figures. In 1933 index numbers are given monthly for the twelve months and then weekly. Compiled from figures issued by Dominion Bureau of Statistics. See also Stock Market Indicator on page one.

Hudson's Bay Co.'s Acquisition

THE Hudson's Bay Co. has purchased the central part of Jan Mayen Island, lying in the Arctic between the N. Norway coast and Greenland, at a price of £50,000, and it is expected that the company will establish there a central buying station to gain control over the White Coast trade. The Norwegian seal hunters will sell their catches direct to the company at Jan Mayen. The territory acquired extends for some 80 square miles.

The Hudson's Bay Company is to co-operate with the Shell concern with the intention of establishing oil stores on the island. The purchase contract includes fox hunting rights. The deal is in accordance with the recent policy of the Hudson's Bay Co. in opening up new territory, notably in Northern Canada.

* * *

Food Chain Sales Improve

SALES by chain food store companies during December showed heartening increase throughout the continent. Great Atlantic & Pacific Tea Co., largest individual factor in this large field, had an increase of 1 per cent in December sales over sales in the corresponding month of 1932 and this represented the first monthly gain in dollar volume the company has reported since September, 1930. From Washington comes the statement that retail grocery sales were 2 per cent higher in December than in December, 1932, and 4.3 per cent higher than in November. The latter increase is slightly better than the usual seasonal rise.

In Canada, Dominion Stores Ltd. reports a decline of only 4.14 per cent from sales in December, 1932, despite the fact that 31 fewer stores are in operation. The gain over sales of the preceding month was the largest to be reported during 1933. Loblaw Groceterias Co. figures for December are not yet available but Christmas business is reported to have been "very good" and the new meat departments operating in several of the stores have brought a satisfactory return and have increased grocery sales as well. Stop & Shop Ltd. sales were 5.52 per cent above those of December, 1932, and the gain over the preceding period was practically the same. Thrift Stores, Ltd. had the best Christmas trade in its history although profits may not have been as large as those in preceding quarters.

* * *

Canada Cement

CANADA CEMENT preferred stock has shown signs of steadiness in the past few weeks. While the financial statement for the year ended November 30 last did not hold out any immediate hope for a resumption of dividends on this class of capital stock, the feeling prevails that 1934 will result in an improvement in business. In his report to the shareholders, J. D. Johnson, president, stated that toward the close of the fiscal year business was on the upgrade. In view of the likelihood of a more extensive public works programme and construction over the next twelve months, prospects for Canada Cement, which does nearly all of the cement business in Canada, hold a speculative interest which is evidenced in the stronger market for the preferred stock.

Canadian Stock Exchanges Decide To Split Commissions

Canada's leading stock exchanges, the Montreal Stock Exchange and the Toronto Stock Exchange, are arranging for members to split commissions with outside brokers who are member firms of the New York Stock Exchange and the New York Curb Exchange, with each other and with brokers in towns and cities not represented by members of either of these two Canadian exchanges. This will widen the scope of the exchanges, make trading easier and more convenient for the general public and the new policy will be operated in such a way as to prevent some of the abuses which hitherto have kept the Montreal and Toronto Stock Exchanges from splitting commissions.

Approved Brokers

The splitting of commissions with Canadian brokers outside of the two large exchanges will only be with approved brokers. Members of the exchange will make known that they have made arrangements with certain individual customers' men, brokers or sub-agents along this line and they will take a certain responsibility for the financial and ethical conduct of these outside brokers. It is understood that the outside broker sending business to a member firm in this way will get one-third of the commission, the member firm getting the other two-thirds. The Standard Stock & Mining Exchange did split commissions with branch banks outside of Toronto, and this was rather a sore point at times, because similar privileges could not be obtained with other exchanges.

Montreal Favors Plan

Commissions for transactions on Canadian stock exchanges are about double those charged by New York Stock Exchange member firms. Montreal Stock Exchange members recently passed informal resolutions giving approval to changes in by-laws to permit splitting of commissions and co-operative measures to aid arbitrage business with the Toronto Stock Exchange. It has been strengthening its fences materially in the last year and has adopted the same type of audit as has been found so satisfactory to the Toronto Stock Exchange. The Montreal Curb, which is reaching out in mining share business, will follow the same policy as its parent exchange.

The dual committee which is in charge of effecting physical union of Standard and Toronto Stock Exchanges is giving great attention to the matter of welding two sets of by-laws into a set fully adjusted to present conditions. This matter of splitting commissions has been one of the most difficult to settle but final decision is made though some details have yet to be worked out.

Guildhall Securities

Enter Investment Field

From Our Own Correspondent

MONTREAL. — Announcement is made of the formation of the Guildhall Securities Ltd., to deal in government, municipal and corporation securities. Head office of the company is located in Montreal. William J. S. Evans is president. Other members of the firm are Grant Johnson, G. Fred Styles and Ralph C. Bulman.

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Municipal Association Asks Prompter Income Tax Law

Ontario Municipal Association has requested legislation to provide for assessment and collection in the same year of municipal income tax in the province in its annual petition for legislation addressed to Premier Geo. S. Henry and Hon. Wm. Finlayson, chairman of the provincial committee on municipal legislation.

G. Hurst, of the Toronto assessment department pointed out that taxpayers suffer under the present Ontario system which requires assessment in 1932 for 1931 income, collection being made in 1933. This contrasts with the Dominion income assessment by which 1931 income would be reported early in 1932 and tax would be payable at the same time. Because of the rapid decline in incomes in the last four years, the present Ontario system is understood to have made municipal income taxes progressively harder to collect. Thus the system has made it more difficult for both taxpayers and municipalities.

Jan. 2, 1934
We take pleasure in
Announcing
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WALTER G. UPSHALL
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Getty & Scott Bondholders Accept 20c on Dollar

Offer submitted by F. S. Scott to the first mortgage bondholders of Getty & Scott Ltd., was accepted at the bondholders' meeting held recently in Toronto. Consequently bondholders will be paid 20 cents on the dollar for face value of bonds held.

A total of $141,000 of bonds was represented at the meeting, out of a total issue of $182,500, it is understood. The offer was almost unanimously accepted, only one $500 bond voting against it.

It is expected that funds will be available for distribution to bondholders before the end of January. The trustee, Toronto General Trusts Corp., will notify bondholders, advising as to the procedure to be followed in order to cash bonds.

THE MUTUAL LIFE Assurance Company OF CANADA

Established 1869

64th Year Of Unbroken Progress

PROFIT AND LOSS ACCOUNT

for the Year Ending December 31st, 1933

Surplus Funds as at December 31st, 1932, consisting of:			
General Investment Reserve		$ 1,200,000.00	
Free Surplus for Contingencies		4,157,523.97	
			$ 5,357,523.97
INCOME			
Premiums (net)	$18,425,768.43		
Interest and Rents (after further deduction of $424,952.04 for possible loss of interest on Farm Mortgages)	6,646,054.12		
Supplementary Contracts	2,641,927.23		
Profit and Appreciation on Ledger Assets	82,405.89		
		$27,796,155.67	
EXPENDITURES AND RESERVES			
Death and Disability Claims, Matured Endowments, Surrendered Policies, Supplementary Contracts, etc	12,918,895.97		
Increase in Actuarial Reserve and Amounts Left on Deposit	6,225,008.00		
Commissions, Taxes and General Expenses	3,320,637.80		
Loss and Depreciation on Ledger Assets	190,594.95		
Amounts Written Off Head Office Premises	50,000.00		
		22,705,136.72	
Surplus Earnings for Year		$ 5,091,018.95	
Special Charges:			
Additional Specific Reserve against Loss of Principal on Mortgages and Sale Agreements	227,116.61		
Amounts Written Off Book Value of Bonds as Provision for Possible Losses	603,964.63		
		831,081.24	
Net Amount Transferred to Surplus Funds		$ 4,259,937.71	$4,259,937.71
TOTAL			$9,617,461.68
Deduct:			
Surplus Paid or Allotted to Policyholders			4,092,193.61
Surplus Funds as at December 31st, 1933, consisting of:			
General Investment Reserve		$ 1,200,000.00	
Free Surplus for Contingencies		4,325,268.07	
			5,525,268.07

Outstanding features of 1933 Statement

Assurances in force increased to	$518,521,336.00
New Assurances paid-for	$ 40,838,608.00
Total Assets increased to	$138,912,507.58
Dividends To Policyholders (Annual and Deferred)	$ 4,406,797.20
Special Reserve and Surplus Funds available for Contingencies	$ 11,917,520.04

A Purely Mutual Company

The principle of mutuality has again been justified by the gratifying surplus earnings during the past year which permit the continuation of the unique record which the Company has maintained throughout its entire history of sixty-four years in the field of low cost life insurance.

RECORD OF PROGRESS

Year	Assets	Business in Force	Dividends Paid to Policyholders	Total Payments to Policyholders
1893	$2,570,821	$17,751,107	$63,901	$212,828
1913	$22.252,724	$87,392.027	$355,688	$1,396,445
1933	$138,912,508	$518,521,336	$4,406,797	$17,391,769

The 64th Annual Meeting of the Policyholders will be held on Thursday, February 1st, 1934, at the Head Office, Waterloo, Ontario.

R. O. McCulloch, President. — W. H. Somerville, General Manager.

The Financial Post

Member Audit Bureau of Circulations

President—JOHN BAYNE MACLEAN
Vice-President—HORACE T. HUNTER
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TORONTO, JANUARY 20, 1934

DEPARTMENTAL REORGANIZATION INDICATED AT OTTAWA

WITH the appointment of the National Railways Trustee Board and the gradual dismemberment of the Interior Department, the Federal Government is presented with an unrivalled opportunity to carry through a major reorganization of the Dominion services. In doing so the Government would not only reap rich rewards in the elimination of wasteful expenditures but would assure more efficient administration of several important phases of governmental activity.

An opportunity such as is now presented may not recur for a decade.

The record proves that reorganizations, for a variety of reasons, are not easily brought about. Invariably there are personal and physical obstacles which operate to blunt the edge of any government's will for reform. But with these difficulties in mind the true worth of the present opportunity may be appreciated. The appointment of the Trustee Board removes from the Railway and Canal Department what has been for more than a decade its chief function. Ever since the bankrupt private lines were acquired the department has been actively associated with the management of the road in the direction and formulation of policy. The deputy minister of railways and canals has been a director, one of the most potent, spending several days each week at railway headquarters. The important functions performed in this sphere by the department are now transferred to the Trustee Board and the chief connection between the railways and the government, hereafter, will be through the Finance Department. In addition, the government announced this week that the law branch of the department is to be transferred, forthwith, to the Department of Justice.

This leaves Railways and Canals with a highly capable water powers branch (working on such problems as the St. Lawrence, our canal system, Churchill harbor, etc.) and with the control and administration of canals. The canals naturally belong to the Marine Department, where the rest of the water transportation of the country is looked after. And the water power and engineering division is one of three somewhat similar services maintained by the Government. There is the Water Powers branch of the Interior Department and the Water Power division of the Public Works Department.

This event, coupled with the gradual dismemberment of the Interior Department—brought about by the transfer of resources to the Western provinces—makes way for a general reorganization of some eight departments. They are: Railways and Canals, Public Works, Immigration, Interior, Mines, Marine, Labor and Trade and Commerce.

By creating a Department of Technical Services, the Government could easily abolish two portfolios. This department would include: Mines, Forestry, Water Powers, Topographic Surveys, National Research and similar services. The obvious man to head it is the thoroughly capable Hon. Wesley Gordon, present Minister of Mines.

Two other departments could be merged into one. An Interior Department containing Immigration and Colonization, Labor, Indian Affairs and the North West Territories would constitute a portfolio equal to the abilities of any minister.

And finally, a Department of Communications is strongly indicated. This department would include: Post Office, Radio and Civil Aviation.

The portfolios which would disappear would be Mines, Railways and Canals, Labor and Immigration. The fact that Mr. Gordon at present holds Immigration and Labor favors the proposal and while the Department of Mines would disappear nominally it would be found in the new Department of Technical Services.

A programme of this kind would net the taxpayers a saving of at least $250,000 in the immediate future and would yield still greater returns as full advantage was taken of the opportunity for staff reduction. Moreover, the Federal service would be more efficient and, therefore, more serviceable to the country.

Hon. R. J. Manion, Minister of Railways and Canals, would be free to take on a major portfolio, such as would be offered by either the new Interior or the Communications Department. One of the other ministers would have to continue his cabinet service without portfolio. This sort of sacrifice is inescapable if reform is to be achieved.

FRANCE FACES PROBLEMS

A RECENT article in a United States publication detailed an amazing record of policies of economic self-sufficiency invoked by France. The article was intended to serve the anomalous purpose of showing how evil is France's policy but how desirable it is for the United States to follow suit.

France's tariffs are as high as Hamon's gallows, but on them has been strangled her foreign trade. Quotas and other nationalistic restrictions bar the foreigner from sharing in any large degree in French commercial activity, even from a French domicile. France is less interested in industrial development than in the happiness and security of the agriculturist. But even granting the safety from civil turmoil that lies in a contented peasantry it is difficult to understand the apparent equanimity with which the French foreign office views the collapse of the once fabulous tourist traffic and the decline of French shipping.

French economic policy, while based upon the theory of French self-sufficiency, a theory that is less of an illusion in France than in most other countries, has broad political aspects. France is exploiting her colonies commercially much as Britain would have exploited her colonies had not transplanted Britons rebelled against colonialism and forced a new conception of Imperialism. And fiscal rigidities which appall Americans and Britons seem less onerous to countries who play France's political game of security.

France has carried the world's post-war orgy of economic nationalism farther than any other nation. She has derived many advantages from the excessive isolationism of her policies. But all is not well with economic France. The problem of balancing the budget has baffled cabinet after cabinet. People have had employment but not substantial purchasing power. They are bending under the strain of high prices and high taxes. New allies have been bought at the expense of the weakening of old friendships. The benefits of self-sufficiency have been mixed. 1934 will be a serious testing year for France.

DOWN WITH COMPETITION

COMPETITION has, in the past, been enshrined by governments and worshipped by the public. Laws were designed to force business men to fight each other. In the United States it was against the law for competitors even to discuss prices and most trade practices with each other. In Canada, they could—and still can—go so far as to fix prices so long as they were in a position, if called on to do so, to prove that they were serving the public interest.

The Americans have thrown their anti-price fixing laws out the window and substituted quasi-state control of commercial practices. The consumer has become for the moment the forgotten man. Business men have hailed the end of "unfair trade practices" without, however, stopping to consider whether bureaucrats concocting rigid rules are to be preferred to the irksome annoyances from sharp competitors.

In Canada, our Combines Investigation Act is much in the air with some members of the Dominion cabinet definitely on record as opposed to its operation.

In the long run the interests of business men and consumers are synonymous. That principle must ultimately determine both business and governmental policy in regard to associations of producers, whether for stifling competition or merely controlling it.

The present tendency to decry competition is going to untoward extremes. From it there must be a reasonable reaction.

BANKS AND NOTE ISSUES

MORRIS W. WILSON, general manager of the Royal Bank of Canada, made a very important point at the annual meeting of his institution. He stated that the chartered banks of Canada could adjust themselves to the gradual loss of their note issuing privilege over a period of years but that unquestionably it would necessitate the withdrawal of banking facilities from many of the smaller communities in Canada. Said Mr. Wilson: "This would be a high price to pay for a central bank."

This view of Mr. Wilson's is particularly worthy of attention because the Royal Bank general manager has received the proposal for the establishment of a central bank in the friendliest possible spirit. He went so far as to say with some qualifications that do not destroy the spirit of his utterance: "Under proper guidance, a central bank can render valuable service . . . Neither the bank nor the public need fear this new development."

In Mr. Wilson's opinion, the elimination of bank note issuing privileges from our chartered institutions is not a step which must inevitably accompany the creation of a central bank but something that should be viewed as a separate matter entirely.

This view is thoroughly sound. It is one that parliament should keep before it when the central bank bill comes up for discussion.

BACK-TO-THE-LAND

IN THE opinion of the Simcoe Reformer, this is a logical time to start a back-to-the-land movement. Instead of doling out money to the needy, the money should be spent in helping men to get a start on the farm, the Reformer believes. It thinks the country might go so far as to give land to unemployed men and to start them with a small amount of capital. On the land they would at least be self supporting and would no longer be a burden on their fellowmen. They would retain their self respect, which they are bound to lose when accepting charity.

But Canada already has such a movement under way. Encouragement has been given by the present Minister of Immigration, Hon. Wesley Gordon, to the settlement of families on the farm, particularly in inducing experienced farmers, stranded in the city, to return to the occupation they know best. Both railways have co-operated and 25,000 single men have been returned to farms in addition to over 10,000 families.

This is perhaps Mr. Gordon's most valuable contribution to the Canadian settlement problem and it has been, at the same time, a useful contribution to the problem of relief.

It would be foolish to think of putting city bred people on the farms without training. Most of them would fail. But there is a valuable field for continued and enlarged effort in what Ottawa and the railways are now doing.

EDITORIAL NOTES

It costs a lot to buy chips when there is a new deal.

* * *

The "corner" has been rubbed smooth by all the big executives who turned it in their New Year's messages.

* * *

The Vatican City has imposed a customs tariff. Only Antarctic expeditions can now avoid the customs men.

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The New York bank that retained Elihu Root to find out how it lost its money operates on the plan of setting a Root to go to the root.

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Mayor LaGuardia, of New York, had 275 visitors the other day. He's another one who has stopped saying "C'mon up an' see me some time."

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Madame Tussaud's has offered a new issue of securities to raise capital for extension into the provinces. The institution waxes, but apparently does not wane.

* * *

U. S. commerce records show that in November Canada shipped two gallons of spirits to the United States. To judge from what's happened since they liked the sample bottles.

* * *

Now that Stephen Leacock has proved himself a student of Dickens, are we to assume that his plan to end the depression in six days was to be taken merely in a Pickwickian sense?

Post-Scripts

PRACTICALLY everyone who has any ideas at all about money is in one or other of two camps. He either believes that a nation should endeavor to stabilize the internal purchasing power of its currency or he believes that it should attempt to stabilize the external value of that currency.

The purpose of the old gold standard was to maintain all the currencies of the world in some fairly stable relationship to each other. The rules of the game were designed to require countries to make internal adjustments when their external affairs got out of order. Most of those who are criticizing President Roosevelt's attempt to raise prices in the United States are concerned because his various attempts to do so are artificially reducing the external price of the dollar and increasing the general chaos in the world's foreign exchange markets and hence in international commerce.

But President Roosevelt has declared time and time again that he is not concerned about the price at which the American dollar may be quoted in world markets. What he is concerned with is the buying power of that dollar at home and he wants to reduce that buying power in order to permit people who owe money to pay their debts and because experience, he believes, has told him that people don't hang on to dollars that are declining in value; rather they use them to buy things with and this buying gives stimulus to business and provides jobs for workers.

When President Roosevelt talks about a rubber dollar, he means a dollar that will expand and contract in order to maintain a stable level of prices within the United States. He is not thinking of a dollar that will expand and contract in order to maintain a stable parity with other currencies.

In the pre-crisis gold standard days, the fixed economic features were exchange parities and the movable parts were the price level. Roosevelt has set himself to reverse this process. His fundamental theory has found support from economists in other countries. Rt. Hon. Reginald McKenna in England has insisted that the British people should pay more attention to the internal value of the pound than to its price in foreign markets. Mr. McKenna and Mr. Roosevelt really are not far apart in their basic theory.

If this new school of dollar and pound stabilizers attains ascendency, we may have to adjust ourselves to brand new ideas in foreign trading. It will tend to increase national economic self-reliance and to make foreign trade and foreign capital investments much more uncertain.

It would not be difficult for the United States to have a rubber dollar, England to have a rubber pound, and France a rubber franc.

The difficulty would be to make them all bounce together.

MR. ROOSEVELT'S planning under the N.R.A. and the A.A.A. (Agricultural Adjustment Administration) seem to be working chiefly for betterment of conditions for workers and farmers. Where does the consumer come in? This has been the rub. Many of the farmers and workers are consumers, and in addition there are large numbers of white collar job holders who don't seem to have been given as much consideration as the farming and laboring classes.

Although the A.A.A. is conceived primarily to help the farmer, it has "consumers' counsel" designed to prevent chiselling of the ultimate buyer. And this section of the A.A.A. is now printing a booklet, "Consumers' Guide," which shows what is being done for farm products, and gives an indication of the effects on consumers.

The problem of milk prices illustrates the situation. Farmers want higher prices for milk. Consumers don't want to pay more for it. The distributors are in no man's land between the two, and are also subject to N.R.A. codes. The upshot of it all appears to be that the consumer is going to pay more for milk so that farmers can get more.

Apparently the A.A.A. wants the farmer to get all the benefit of any increase in price for farmers. But the big bad wolf of the price-raising scheme is how to avoid reduced consumption. "Buying less milk will help nobody," says Consumers' Guide. And later it asks of its consumer-readers: "What do you think would induce people to buy more milk?" The answer would seem to be lower prices. Apparently there is a good deal of "economic planning" to do before the perfect economy is developed.

Sayings of the Week

"The deepest loves in life bring the deepest pain." *Clarence Darrow.*

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"The depression in America was psychological as much as economic."—*André Maurois.*

* * *

"Taxes are ultimately paid by the fellow who works in the street."—*Alfred E. Smith.*

* * *

"It is the people of a nation, and not its ruler, who make it great."—*Mrs. Franklin D. Roosevelt.*

* * *

"The happiest lot is that of men whose work is to do what they most enjoy doing."—*Dean Inge.*

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"The disastrous spiral of depression has been broken."—*Arthur Lehman, New York investment banker.*

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"Debts due at once are more embarrassing than debts due years hence."—*Professor Irving Fisher, Yale University.*

* * *

"Women ought to learn that kindness is sometimes the most devastating and weakening influence."—*Mary Pickford.*

* * *

"Nothing can be labelled impossible in wireless; a month's research might change everything." —*Guglielmo Marconi.*

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"Under modern conditions, production does not vary with man-power; it increases faster than man-power."—*Stuart Chase.*

* * *

"I have seldom listened to an hour of political oratory which contained more than five minutes of attentive reading."—*Aldous Huxley.*

* * *

"The right and only way to bring up young people is to teach them the difference between seeing and observing."—*Sir Henri Deterding.*

* * *

"When it is too late the dupes discover scandals like the Hatry, Krueger, and the Insull scandals."—*Professor Irving Fisher, Yale University.*

* * *

"There cannot be a complete abandonment of force until human nature changes and the ideals of civilization are world-wide."—*Sir Philip Gibbs.*

* * *

"It has become more difficult to guess what the electorate is thinking—if their mental processes deserve the name of thought."—*Dean Inge.*

* * *

"Currency reformers are to be found wherever two or three are gathered together." — *Professor H. Belshaw, Auckland, N.Z., University College.*

* * *

"A reason for the common notion of overproduction is mistaking too little money for too much goods."—*Professor Irving Fisher, Yale University.*

* * *

"There are people who pant for a return to the gay high old times of partisan fighting but our days are too grave for that."—*Rt. Hon. Ramsay MacDonald.*

* * *

"America is doing by a great spurt of effort what Britain has done in her own way for over twenty years."—*Sir Norman Angell, referring to American industrial codes.*

* * *

"The amount of care and work we are putting into the building of trade recovery is out of all proportion to the effort we are making to abolish war which in ten days would destroy the labor of ten years." — *Arthur Chamberlain, British industrial chairman.*

* * *

"Some method for making future necessary changes in the price of gold without the necessity of long years of economic distress and political agitation would seem to be a conservative proposal. If the gold standard is to have a fair chance of survival it requires some kind of safety valve."—*George M. Warren, of Cornell University, advisor to President Roosevelt.*

New Books

Urges World Central Bank As Trustee of Gold Standard

Oxford-Yale Economist Loses Faith in Old Automatic Operation of Monetary Standard Based on Gold

An English student who put in three years of special study at an American university and is now head of the Department of Economics at a University in India should have a world outlook. If he essays to discuss the gold standard, he should at least be free from influence of individual economic giants who have drawn around them little schools of admiring worshippers. H. L. Puxley, with an Oxford and a Yale background, writes "A Critique of the Gold Standards" and has produced one of the most readable and seasoned volumes on the subject to appear. The volume makes the case for co-operation between the central banks of different countries and for the creation of a world central bank to manage the world's monetary system, including the gold standard, so as to prevent that monetary system from again becoming a tyrannous monarch with consequent distress to the economic world.

No Automatic Regulation

Professor Puxley has lost his faith in the automatic self regulation which was a supposed attribute of the gold standard. Recent events, he believes, have palpably destroyed what self regulation ever existed. He considers it futile to continue to write and argue as if the gold standard of the present day were the same and operating upon the same conditions as those to which we were accustomed before the Great War.

Among the factors which affect the working of the gold standard and which have not been taken adequately into account in discussing its supposedly automatic operations, Professor Puxley includes a large international flow of investment funds, particularly short-term investment funds, the substitution of open market operations for changes in the bank rate, the present day tendency for central banks to think of the internal level prices rather than the external value of the currency, the fact that the issuance of currency in the form of notes no longer bears its former relation to the quantity of gold in a country, and of course war debts, reparations, and tariffs.

Sees Need of Central Banks

He outlines a possible, workable, gold standard which would free the world from the dilemma in which it finds itself today and to this end he considers strongly established central banks in each country and a world central bank essential.

There is also an interesting study of the relation of Federal Reserve policy in the United States to prices and the business trend in that country.

The volume is obviously the work of a student rather than of a crank but there is no disposition by the author to refrain from the expression of definite opinions where he is convinced that he is right.

"A Critique of the Gold Standard" is published by Thomas Nelson & Sons, Wellington Street West, Toronto, at $3.25.

"Soviet Russia 1917-1933"

An exceedingly useful little handbook on the position of Russia today is provided by Vera Micheles Dean in "Soviet Russia 1917-33." The volume professes to offer nothing novel by way of factual data or interpretation but it does summarize in most interesting fashion the progress of the Russian social and economic experiment.

In the past 17 years, the entire face of Russia has changed and a new social, political and economic structure has been reared on the ruins of the old. Some hundreds of books on Russia have been brought out, but by their very number they have weighted down the average reader with more material than he has been able to masticate. This material he will find carefully pre-digested in this pamphlet by one who has written extensively on Russia.

The present study is the second in a series of world affairs pamphlets to be published by the Foreign Policy Association and the World Peace Foundation. The first number, which appeared in October, was entitled "The World Adrift." Individual pamphlets sell cloth bound at 50 cents and paper bound at 25 cents and are offered by the World Peace Foundation, Boston, Mass.

In the Mail

Central Bank Control

Editor, The Financial Post:

In your issue of Dec. 23, 1933, (which is well worth the yearly subscription price), "Should Retain Canadian Control of Central Bank," is an editorial which should be in the hands of, and receive careful study from, every senator, M. P., business man, even the wage earner. Canada's banking has been highly satisfactory all through the troublous times not yet quite past.

Thanking you most sincerely,

J. C. FOX.

Antrim, Ireland.
Jan. 4, 1933.

Merchandise Canadian Flour

Editor, The Financial Post:

While there is little doubt of Canada being able to dispose of her full quota of wheat established at the London Conference, it is of first importance that Canadian producers should receive a return based on the superior milling quality of Canadian wheat.

Today the milling trust in Britain, practically a one-man control, has played one exporting country against another and the wheat mixture ground as a result has completely eliminated any identity as to the source of supply. A uniform flour may be the result but of a grade that when baked yields a loaf that is an inferior article. All Canadian visitors of late are one in complaining of the poor quality of British bread.

Great efforts have been made in past years to make known the quality of Canadian wheat. At every exhibition we are in the first place, outdistancing all competitors. But all this is not reaching the ultimate consumer.

There is a great opportunity here. Let the eater taste bread made of our hard wheat flour. He will know what real bread is and there is no reason why a loaf should cost him any more than he is paying for a loaf made up of a grist that is partly Argentine, Russian, French, German, Australian, Hungarian, Scotch and English.

It may be admitted that we must meet competition from the Southern Hemisphere and need not expect to obtain more than a moderate premium over the international price, but there is no reason why, on its merits, our product should lag in consumption or be crowded out by underselling. But why sell our wheat when its identity will be surely lost? Why not sell our flour? A sack of Canadian flour in the housewife's hands will tell its own story and be its own advertiser.

The campaigns to display our beautiful wheat have not had the success anticipated. Why not display our flour and bread made from it at every show in the United Kingdom. Invite the public to try a slice of real bread made from Canadian flour. I venture to say that an active campaign along this line would double flour sales in a month and they would increase in geometrical progression.

Canadian flour could be sold in Britain at, I believe, a little better price than any other flour in existence once Canada Bread would be recognized at its worth. But even if for a brief period a sack of Canadian flour sold at a few cents less than the flour of the milling trust, it would surely ere long get the market and hold it.

The campaign outlined would mean some expenditure that might well be undertaken by the Federal Government. The millers might be protected by a bonus at its initiation but the writer is confident that once the merit of bread made from pure hard wheat flour finds its way into British homes, it would be there to stay.

This is true of France, once the home of the most palatable of breads. But now—well the extraordinary decline of bread consumption in France of late years tells the story. People will eat bread like cake when they like it. Today they eat it as a sort of duty and as little as possible.

Why not sell the manufactured article abroad instead of the raw material? Naturally the British milling trust will use its propagandist. It will fight but both of them can be beaten on their own ground at that.

BRUCE McBEAN.

Winnipeg, Man.

As Others See Us

Has Shown What He Can Do

Edmonton Journal—One of the principal duties imposed upon Chairman Fullerton of the C.N.R. trustee board is that of keeping down outlay. How imperative it is to do so is apparent from the size of the deficit from last year which, in spite of curtailments already effected, will have to be provided out of the Dominion treasury. That the chairman has already given a demonstration of what he can accomplish in this way is brought out by an article in the current issue of The Financial Post. Since he became head of the railway commission two years ago he has, we are told, cut the cost of its operation by nearly 20 per cent without counting the statutory reductions in civil service salaries that apply to that body. He eliminated a large variety of expenses that he deemed unnecessary. For instance, the maintenance of the car which the chairman uses in visiting different parts of the country cost $4,000 in 1930 and $500 last year, no capital or repair items being included in either case.

The Post writer also expects much from the new C.N.R. chief because he has always been found to take whatever course he deems proper regardless of pressure that may be brought to bear upon him from any quarter, however influential. This is particularly necessary in the position that he has now assumed.

Alliston Speaks Up

Alliston Herald—The Financial Post last week carried a lengthy article giving a sketch of the career and outstanding characteristics of F. K. Morrow, the only business man on the new board of trustees of the Canadian National Railways. There was one error in this write up which stated that the subject was born in Essa township. The Post would have got a lot of additional and accurate information had it sent a man up to Alliston to make some enquiry into Mr. Morrow's boyhood days. It would have been learned that he was born right in the heart of Alliston and that the old Morrow home still stands in a good state of repair. It would have also learned from some of the residents who were boys and girls with Mr. Morrow that in the days when he sold the Utica Globe and the Chicago Blade he was a financier. The boys of that time who were his intimates state today that Fred Morrow always had money when the rest of them were dead broke He never studied any lessons according to these friends yet he was ever one of the few at the very head of the class.

He left town when just a big boy and after his years at St. Michael's college went into the Home Bank where he did not remain very long, soon branching out into the field of business where he was successful from his first venture.

A couple of the old time lacrosse players to whom we handed the Financial Post that they might read this autobiography of their boyhood friend stated that when Fred Morrow played the game as a boy he displayed some of the traits that have marked his business career. He never made a misplay and every time he threw the ball it counted for something in the game. He was quick to decide what play to make and usually had made it before his opponents realized what he had done. The characteristics of the man of today were implanted in the boy of yesterday; all they needed was opportunity to develop.

As for being born in Essa, The Financial Post has been given facts which apply to the birthplace of either the late T. P. Loblaw or Dr. F. G. Banting.

Other People's Views

The Extension of Empire Trade

Halifax Herald.—Following the breakdown of the World Economic Conference, the British peoples are falling back naturally upon an even greater enlargement of Empire trading. The success of the Ottawa agreements already has been marked, and this success affords strong inducement for an extension of intra-Empire trade arrangements.

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Coast Industry Expands

Forty new industrial plants were established in the Greater Vancouver area last year, according to a survey made by R. H. Arnott, industrial secretary of the Vancouver Board of Trade. There are now more than 800 industrial plants in the city.

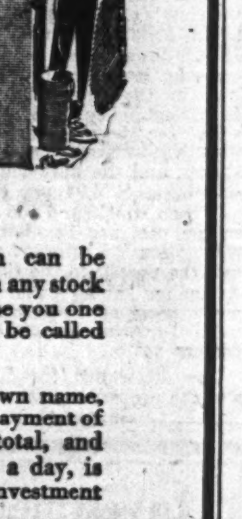
JOHN COTTON'S TOBACCOS

"From the Land of the Heather"

The man who loves his pipe finds in JOHN COTTON'S a tobacco that brings comfort, peace, and relief from worry, coming as it does from one of the older and more placid world. There is no finer tobacco made than JOHN COTTON'S—"Scotland's Best."

In three strengths — Mild - Medium - Strong
1 ounce tin, 25c 2 ounce tin, 50c 4 ounce tin, $1.00 12

To Men who Buy Stocks on Margin



HERE is one security which can be purchased on smaller margin than any stock on the board. It will never cause you one moment's worry. You will never be called on for additional margin.

This $10,000 security, in your own name, purchased at age 35, with a cash payment of a little more than 1% of the total, and regular payments averaging 37c a day, is the safest and soundest form of investment you could make.

It is worth $10,000 in cash to your dependents if you die before age 60. Its cash value is constantly increasing. By paying a few cents more per day to include accident and disability benefits it is worth $15,000 cash in case of accidental death before age 60. If you are disabled you will not be called upon to make any more payments.

It is a GREAT-WEST LIFE "Double Protection" policy. It gives you almost twice as much insurance for the same money as ordinary life insurance, should death occur before age 60.

Mail the coupon today for full details of this greater-value policy.

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The Week in Business

And Still We Improve

HEAVY orders from retailers with some wholesalers receiving the largest unit orders in several years in spite of prices that are firm and strengthening gradually in all primary markets, is the news contained in the current weekly report of Dun & Bradstreet affecting business conditions in chief Canadian cities. This organization notes that contrary to the post-holiday let-down which usually characterizes business at this time of year, January has started off "with reassuring briskness." It also observes that there is no diminution in prospect for the next few months at least in sales of five groups whose exports in 1933 reached the highest total in four years namely Canadian cattle, pork products, metals, lumber and wood manufactures. Further comment of the trend of business throughout the Dominion follows:

"In addition to the enlarged buying in wholesale markets, orders from road salesmen are running to better proportions than last year, with the most substantial gains noted in the West. Merchandise stocks in the hands of manufacturers, wholesalers, and retailers are not cumbersome and in many cases are considered only sufficient to care for the current demand, so that shortages may be a problem of the future, unless manufacturing schedules are set ahead substantially.

"In fact, manufacturing activity already is gaining momentum in several lines, especially noticeable where low production of December was responsible directly for shortages. Textile mills are busier, and clothing manufacturers report the best advance buying in three seasons. Boot and shoe manufacturers have arranged to open their spring runs with larger schedules than were planned a month ago, in view of the extent of the demand during the last sixty days. Paper box and bag plants are running at better than the usual seasonal rate, and furniture factories have more business booked than at this time a year ago. While automobile plants are reopening and taking on more men, the recovery in the iron and steel industry has not been marked, as yet. The lumber industry continues to operate on the wide scale maintained during the closing months of 1933, with the total number of employed making the best showing in four years and nearly three times the corresponding figure of a year ago."

Lobster Catch Smaller Value Down to $2,282,350

Catch of lobsters in the 12 months ended November 30, 1933, is reported at 379,100 cwt. as compared with 478,600 cwt. in the preceding year. Total landed value of the fishery was $2,282,350, a decrease of $845,000 from the value of the catch in the preceding 12 months.

Commodity Prices

Commodity Prices at Wholesale‡

	Week ending Jan. 13	Previous week	Same week last yr.
Cattle, cwt.§	$6.00	$6.25	$4.90
Copper, lb.	.08	.08¼	.05
Cotton, lb.	.1125	.1075	.0625
Rubber, lb.	.0891	.0888	.0303
Sugar, raw, lb.	.0316	.0320	.0273
Silk, lb.	1.42½	1.42½	1.27½
Wheat (Man.) bu.‡	.67⅝	.62⅞	.42¼
Hides, lb.	.10	.10	.05½
Coffee, lb.	.09¼	.08½	.07
Weekly Indices¶			
N. Y. Annalist■	102.9	102.5	83.9
Fishers'*	72.0	72.0	†71.3
N. Y. Journal of Comm.	72.1	71.9	54.7
Crumps (Brit.)	64.7	64.1	†63.4
Can. (D.B.S.)▲	84.8	85.3	....
U. S. Labor•	71.0	70.8	61.9

†Average, 1933. ■Week to Jan. 9. ▲Dec. 9. •Dec. 30. *Jan. 6. §Jan. 11. ‡Jan. 15.

Monthly Indices¶

	Latest w'sale	Prev. month	Same month last year
Canada (D.B.S.)			
W'sale (Dec.	69.0	68.7	64.0
Retail (Dec.	78.4	78.1	81.4
U. S. Labor (Nov.)	71.1	71.2	63.9
Gt. Brit.* (Nov.	69.6	69.3	68.2

¶N. Y. Annalist base, 1913, others 1926 = 100.

*Board of Trade Index, converted from 1913 base.

‡Basis of price quotations is as follows: cattle—steers, good, over 1,050 lbs., top price, Toronto; copper—electrolytic, New York; silk—Japanese, 13-15, New York; sugar—96 degrees centrifugal c/f New York; wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; hides—heavy native steers; coffee—Rio, No. 7, spot, New York.

Canadian Business Indicators

Compiled by The Financial Post

	Weekly Latest 1934	1933	Cumulative Jan. 1 to date 1934	1933
Transportation—				
Car loadings (Jan. 6)	34,362	26,782	....	....
C. P. R. gross earn. (Jan. 7)	$ 1,898,000	$ 1,598,000	$	$ ....
C. N. R. gross earn (Jan. 7)	$ 2,359,698	$ 2,000,014	....	....

Monthly	1933	1932	Cumulative Jan. 1 to date 1933	1932
C. P. R. net earn. (Nov.)	$ 3,585,809	$ 3,324,291	$ 17,615,707	$ 17,779,235
C. N. R. net earn (Nov.)	$ 1,548,099	$ 736,600	$ 4,998,057	$ 6,031,155
Iron and Steel—				
Pig iron, tons (Nov.)	29,592	14,149	190,464	117,099
Steel, tons (Nov.)	43,099	37,088	358,424	312,033
Automobile prod. No. (Nov.)	2,291	2,204	62,662	58,677
Auto Vehicles—				
Passenger, sales, No. (Oct.)	1,606	1,312	37,779	36,893
Trucks & buses, sales, No. (October)	496	412	5,271	6,748
Auto. exports, No. (Nov.)	1,786	1,486	19,243	11,890
Construction—				
Building permits (Nov.)	$ 1,609,874	$ 2,553,373	$ 19,653,928	$ 40,750,142
Contracts (December)	$ 8,207,600	$ 4,190,000	$ 97,289,800	$ 132,872,400
Newsprint—				
Production, tons (Dec.)	175,304	188,682	2,017,004	1,907,566
Exports, tons (Nov.)	162,292	153,568	1,652,462	1,689,765
Sugar—				
Imports, raw, lbs. (Nov.)	22,383,200	26,055,200	474,243,200	652,264,500
Melt. & ship., lbs.*	94,458,214	78,707,156	732,568,448	816,652,149
Manufactured, lbs.*	139,000,893	122,456,630	824,909,160	894,944,537
Flour—				
Production, bbls. (Nov.)	1,827,340	1,942,844	12,916,177	13,455,365
Wheat flour exp., bbls. (Dec.)	413,183	492,033	5,570,136	[illegible]131,781
Other Industrial Indices—				
Lumbering: Plank & board exports, mill. ft. (Nov.)	102.88	46.37	919.38	636.51
Boots and shoes, pr. (Nov.)	1,371,253	1,361,334	18,276,487	16,901,154
Petroleum, imp., crude gal. (November)	91,761,448	51,705,764	789,422,732	857,034,459
Cotton, imp., raw, lbs. (November)	19,058,000	15,376,000	99,895,192	83,537,000
Rubber, raw, imp. lbs. (Nov.)	4,892,000	3,568,000	39,311,451	44,745,675
Coal, imports, tons (Nov.)	1,424,605	1,508,202	10,578,293	10,779,792
Gasoline sales, gals. (Sept.)	61,620,000	63,441,000	379,947,000	389,889,000
Trade—				
Imports (December)	$ 35,367,553	$ 28,961,212	$ 401,254,312	$ 452,614,257
Exports (December)	$ 50,928,856	$ 42,615,796	$ 531,474,179	$ 493,808,841
Labor—				
Employment Index (Dec.)	91.8	83.2	......	......
Exports (November)	$ 60,384,590	$ 45,944,520	$ 480,545,323	$ 451,193,045
Wheat exports, bus. (Dec.)	17,457,963	27,735,999	191,968,861	228,219,755
Electric Power—Output—				
M. Kilowatt hours (Nov.)	1,702,558	1,448,227	15,848,841	14,429,791
Finance—				
Failures, No. (October)	144	199	1,729	1,995
Failures, Liabilities (Oct.)	$ 2,321,926	$ 3,439,220	$ 28,669,253	$ 34,506,706
Bank debits (Nov.)†	$ 2,837,450	$ 2,466,314	$ 27,489,544	$ 23,759,683
Bond sales (Dec.)	$ 10,000	$ 9,067,200	$ 528,401,089	$ 479,866,270
Insurance sales (Nov.)	$ 34,185,000	$ 34,003,000	$ 326,555,000	$ 370,440,000
Automobile Financing—				
Used cars (November)	$ 540,466	796,043	9,695,432	12,465,467
New cars (November)	$ 461,732	538,264	9,723,932	12,267,926

*Four weeks period, Nov. 11 to Dec. 2. †(000's omitted).

Business Conditions in Canada

Wage Rates in 1933 Take Further Slump To War-Time Levels

Wage rates in every important group in 1933 were carried back to 1916-1919 levels, according to figures supplied to The Financial Post this week by the Department of Labor, Ottawa. The drop in official wage rates was almost as severe as that experienced in 1932, when rates declined more sharply than at any time in the previous decade. In logging and sawmilling the decline was the sharpest ever experienced since the record was first compiled in 1911.

Average decline in wages of skilled workers as indicated by the trend in six key groups for which data are available, shows that the drop in 1933 was 4.6 per cent. A year ago wages fell 6.1 per cent. These figures do not, of course, take into consideration the actual decline in payroll due to short time nor to the trend of wages outside official wage scales as reported to the bureau from leading Canadian cities.

Building Trades Hit

By specific trades, building suffered most heavily among the skilled trades during the year, with a drop of over 11 per cent, according to official records. Not only that, but admittedly much work was done during the year at considerably below this figure. The index is now at the lowest point since 1919. Coal mining wage rates suffered least, with a drop of little more than 1 per cent.

Wage rates paid to common factory labor declined 3.2 per cent in 1933 as against an increase in 1932 of 5.3 per cent. In miscellaneous factory trades the rates fell off 3.6 per cent, while in logging and sawmilling the slump was 14 per cent, as compared with a tumble of 13.3 per cent a year ago. Wage rates in this group are now back to the 1916 level. All other groups are back to the level of 1918 and 1919 except for rates in the printing trades, which are now back to 1920 levels, according to the department indices.

Comparative figures for the past seven years are shown below. It must be noted that the "average" rate for all skilled workers is the simple average of the yearly index for the six key trades for which data are available. The bureau also notes one change in the year which affects earlier indices, namely, that in the new report the figure for wage rates in the electric railways is given on an hourly wage basis instead of daily basis as in 1931 and 1932. Thus, the previous returns for this industry and for the average for all skilled workers has been changed accordingly.

Index Numbers of Rates of Wages for Various Classes of Labor in Canada (Rate in 1913 = 100)

	1933	1932	% Change 1933-2	1931	1930	1929	1928	1927
Skilled Workers:								
Building Trades	158.0	177.9	—11.1	195.7	203.2	197.5	185.0	179.3
Metal Trades	169.2	174.7	— 3.1	182.9	186.6	184.6	180.1	178.1
Printing Trades	184.3	194.2	— 5.1	203.1	203.1	203.3	202.3	195.0
Electric Railways	182.7	191.1*	— 4.4	198.6*	199.4	198.6	194.1	189.9
Steam Railways	179.7	183.9	— 2.3	199.2	204.3	204.3	198.4	198.4
Coal Mining	161.9	163.8	— 1.2	169.4	169.4	168.9	168.9	167.9
Average	172.6	181.0	— 4.6	191.8	194.4	192.7	187.4	184.8
Common Factory Labor	168.1	173.7	— 3.2	183.4	188.2	187.8	187.1	187.7
Misc. Factory Trades	175.7	182.1	— 3.6	197.3	202.3	202.1	200.9	199.4
Logging and Sawmilling	121.7	141.8	—14.0	163.0	183.9	185.6	184.3	182.8

* Changed to put returns again on an hourly wage basis instead of daily.

Business Briefs

Cement Production in October amounted to 348,639 bbls.; in the preceding month 424,710 bbls. were shipped and in October, 1932, the total was 413,258. During the ten months ending October, sales totalled 2,726,018 bbls. as compared with 4,221,088 in the corresponding period of 1932.

Clay and Clay Products Output in October was valued at $231,526. In September the total was $253,433 and in October a year ago $299,319. A 43 per cent decline was recorded in the sales of these commodities during the first ten months of 1933 as compared with the corresponding period of 1932; the totals were $1,852,621 and $3,298,418 respectively.

Production of Lime in Canada during October amounted to 33,686 tons as against 28,601 in the previous month and 34,222 in October, 1932. During the first ten months of 1933 the Canadian production totalled 248,007 tons; in the corresponding period of 1932 the output was 273,962 tons.

Wheat Exported to the United Kingdom in December totalled 13,087,802 bus. of the value of $8,441,250 compared with 17,206,177 bus. at $8,641,821 in December, 1932. Wheat flour to the United Kingdom totalled 227,587 barrels at $827,862 as against 275,933 at $867,413 a year ago.

December Export of Coarse Grains included 575,462 bus. of oats valued at $168,910 compared with 1,433,865 bus. at $398,720 in December, 1932. The quantity sent to the United Kingdom last month was 433,765 bus. at $119,518, a decrease of about 25 per cent in volume and 24 per cent in value. The barley export was 249,908 bus. at $103,159 compared with 272,667 at $91,387 a year ago, a decrease in volume but an increase in value. Almost all of it went to the United Kingdom. There was no export of rye in December but for some months prior to that there was a comparatively heavy export to the United States.

Alberta Butter Output Reached New Peak in '33

Production of butter by the 96 creameries operating in Alberta during 1933 amounted to 23,750,000 lbs., according to preliminary estimate, an increase of 800,000 lbs. over the 1932 production. This is a new high production record for the province. Value of production in 1933 is estimated at $12,725,000, an increase of some $600,000 over 1932.

Cheese factories produced some 1,435,000 lbs. of cheese in 1933; approximately the same as in 1932. There were 11 cheese factories in operation as compared with 12 in 1932.

Welsh Coal Mines Book Steamers for '34 Season

Amalgamated Anthracite Collieries, of Wales, are arranging to charter from 120 to 150 cargo steamers for the Canadian service this year, involving a shipping tonnage of about 750,000. Sir Alfred Cope, managing director of the firm, states that they have expended £2,500,000 on a new colliery in West Wales to handle Canadian business in the main.

The season for anthracite shipping has now ceased, owing to the St. Lawrence River being closed by ice, and will be resumed in the spring. Last year 930,000 tons were sent from Swansea alone to Canadian ports, breaking all records by about 200,000 tons.

New Industries and Plant Extensions in Canada

Compiled Weekly By The Financial Post

Economy Oils Ltd. will build a small refinery at Calgary and commence a well in the Turner Valley, according to report. The company now has a bulk station and two service stations in Calgary and plans two more service stations at this point. Bulk stations will be provided at Red Deer and Edmonton; one service station at Edmonton and another at Olds with service pumps at convenient points between Lethbridge and Edmonton.

United Carr Fastener Co. of Canada, Hamilton, Ont., has taken over the entire business of Canadian Dudley Lock Co., Toronto, for Canada and the British Empire, effective January 1.

Chicago Rivet & Machine Co. of Canada proposes to establish a plant at Chatham, Ont., and will manufacture rivets, brake linings, brake service equipment, automatic rivet setters, etc.

London Ice & Coal Co., London, Ont., plans replacement of its present plant with a modern plant which will cost approximately $50,000 and will be completed before hot weather.

The Calgary Board of Trade reports receiving an enquiry from a large New York firm relative to the possibilities of starting a corrugated box factory in Calgary. It is understood that this firm is considering building a large factory in eastern Canada and smaller plants throughout the west.

Vancouver interests have been seeking a site in Red Deer, Alta., suitable for a furniture factory with 10,000 sq. ft. of space. The proposed factory would manufacture chesterfield suites and other upholstered furniture and would employ some 25 men.

A small woollen mill for the manufacture of yarns and blankets will be erected in either Lacombe or Edmonton, Alberta, in the spring it is anticipated. W. J. Trott and James Kinney, the sponsors, have conveyed their intentions to the Alberta Provincial Sheep Breeders' Association.

Food, Clothing Costs Rise And Affect Retail Index

The general index of retail prices, rents, and costs of services rose from 78.1 for November to 78.4 for December. Increased prices for foods, and to a lesser degree for clothing and miscellaneous items, were responsible for the upward movement. An index for retail prices alone advanced from 72.0 to 72.5. When foods were removed from this index it changed from 77.9 in November to 78.0 for December.

For 46 food items the index rose from 65.8 to 66.6, gains for eggs, butter, and tea more than offsetting losses for meats and coffee.

The fuel and lighting index was unchanged at 87.2, slight increases in the coal and coke sub-groups not being of sufficient importance to affect the main index. The index for clothing moved up from 69.9 to 70.0. The change was due largely to advances in men's apparel. The sundries index rose from 94.0 to 94.1, influenced by gains for furniture and certain housefurnishings. The sub-index for furniture rose from 82.2 to 82.9, while that for housefurnishings was 80.2 as compared with 79.7 for November. Other indexes were unchanged.

Figuring the Cost

A MAN may figure the cost when he is planning for the future of his family. It is then the economies of Trust Company management of his estate are well worth taking into account.

Our years of experience and specialization in the business logically mean benefit to estate assets in our care. And in the matter of fees—the Court sets those. We are allowed no more than a private executor.

The advantages of our Services are simply explained and we shall be pleased to answer your enquiry promptly.

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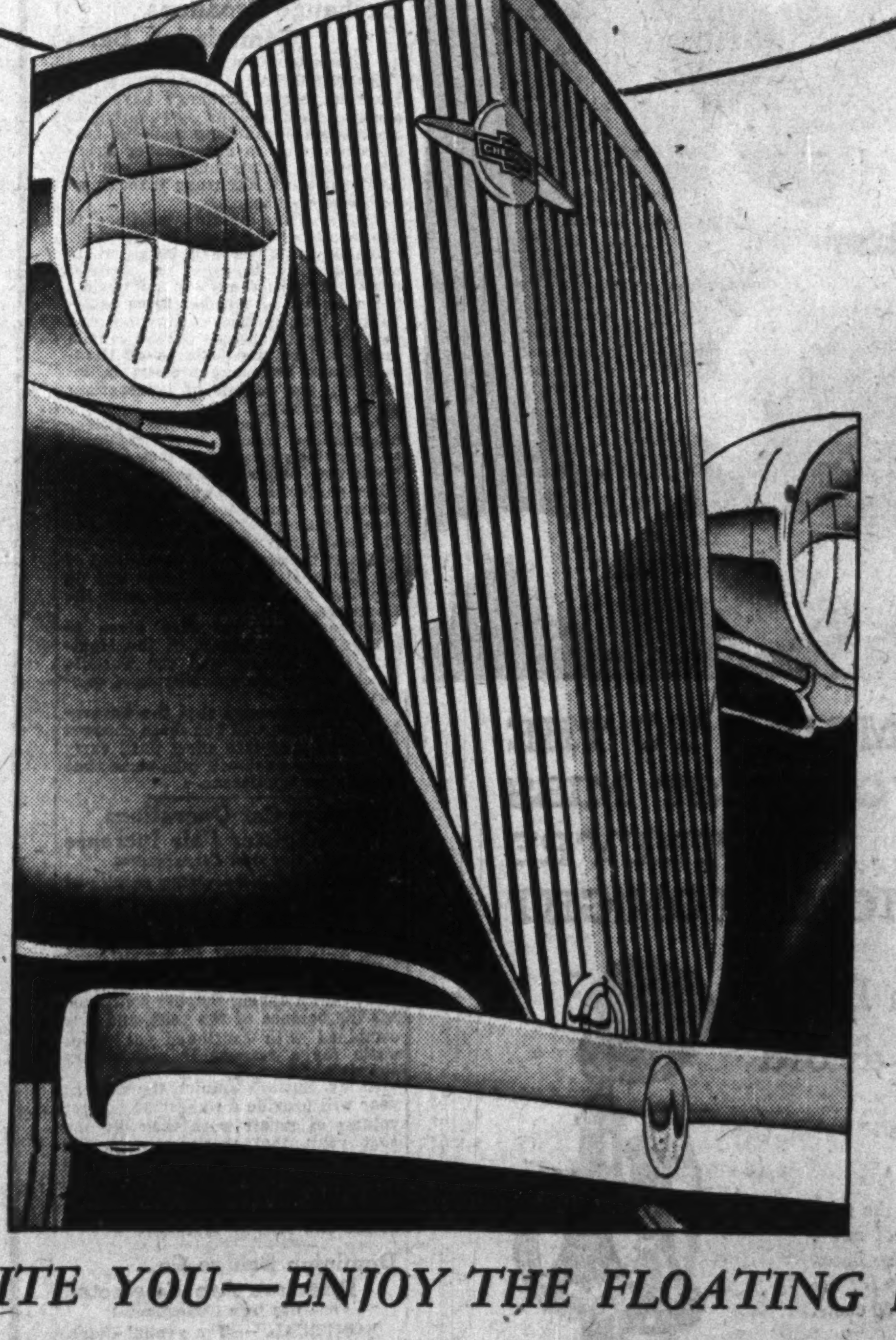
CHEVROLET
GM GENERAL MOTORS PRODUCTS

The Leader Announces
The Revolutionary
NEW
CHEVROLET



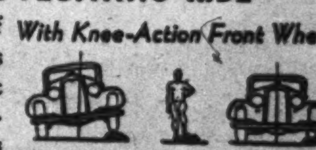
Embodying the Greatest Advances in Low Priced Car Design Since the Pioneer Chevrolet Six of 1929

DO YOU remember the pioneer Chevrolet Six of 1929—the car that changed everybody's ideas about smoothness, comfort and performance in the low-price field? Now we urge you to see and drive *another* revolutionary Chevrolet—the new Chevrolet for 1934! We have given it "Knee-Action" front wheels—so that now you can enjoy a true FLOATING RIDE. We've developed an advanced design of the famous, proved Chevrolet engine—giving more power and greater performance with actually *less* cost for gasoline and oil. Chevrolet engineers have perfected safer, more positive-acting brakes. They've built a new, stronger YK-frame—lengthening the chassis and redistributing the car's weight so that the sturdy, airstreamed Fisher Bodies are larger and roomier than ever. Fisher has designed an improved, built-in system of quiet No-Draft Ventilation. Drive the 1934 Chevrolet just once—compare it—and you'll never be satisfied with *any* other car in its class. Because only Chevrolet—Canada's outstanding sales leader—backed by the practical design-ideas of 60,000 Canadian motorists*—could build *one* low priced car with *all* these great advancements.

*Gathered through General Motors "Customer Research" questionnaires.

THE FLOATING RIDE

With Knee-Action Front Wheels



Because of stiff front springs and rigid front axle, conventional cars bounce when meeting a bump—jarring you. Now the front wheels of the new Chevrolet rise and fall like knees, conforming flexibly to road irregularities while the car and passengers float steadily ahead on "even keel". Other features contributing to THE FLOATING RIDE include . . . Balanced Springing; Double-acting Front Shock Absorbers; Greatly Improved Steering.

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WE INVITE YOU—ENJOY THE FLOATING RIDE

THERE IS A DEALER NEAR YOU TO SERVE YOU

Scots Like Canadian Goods But Demand Value and Quality

Glasgow Industry and Buying Power Improving—Canadian Fruit, Wheat, Tobacco and Timber in Demand

By J. K. ROSS-DUGGAN
Editor Canadian Trade Abroad

The Clyde and shipbuilding seem almost synonymous terms. It is difficult to think of one without the other, but, of the Clyde's fusion of striking beauty with human activity, the world is less familiar. Perhaps no other river affords to the traveller on the deck of a ship such a transformation from the many miles of a green and pleasant land, quiet in its pastoral peace, to the intense industrial activity, the continuous roar of automatic rivetters, which, in happier times, mark the approach by river to Glasgow.

This great city, with a population within its municipal boundaries of one and a quarter millions, is the focus of the west of Scotland's "heavy" industries—coal, steel and iron, shipbuilding and engineering. The building of ships is the chief industry. It is not unusual to find on average a new vessel slipping into the water of the Clyde from the shipbuilding yards every day of the week. Four a week is normal. Even now Glasgow maintains its place as the leading shipbuilding centre of the world, and is proud of its title "the second city of the Empire," in keeping with its motto "Let Glasgow Flourish."

Improvement Developing

As with the rest of the world, however, during the past few years the word "flourish" in Scotland has taken refuge in a cyclone cellar, and is only now beginning coyly to peep out. But the slow improvement, especially in the heavy industries upon which Scotland so greatly depends, has been so long sustained without disheartening setback, even the cautious Scot is willing to admit that it should continue, and increase to within the limits set by disturbing international factors, high tariffs in other countries, exchange restrictions, and other causes outside the control of the British people.

But even during this period of intense depression Scotland's trade with Canada has held up remarkably well, and, in the case of some Canadian exports, there has been a notable increase in business despite the shrinkage in the purchasing power of the people.

For instance, in canned fruits there has been since the middle of 1932 a remarkable increase in sales, especially apples and pears.

Glasgow's Purchases

Glasgow nearly heads the list of ports in the United Kingdom taking boxed fresh apples from the Dominion. During the last week in September, the beginning of the season, the arrivals were 9,000 boxes, and 7,600 barrels. Arrivals also included 1,500 boxes of pears, and 1,900 crates of plums. There are few grocers' shops which do not stock Canadian apples, from Cooper & Co.'s fifty shops, and the hundreds of the Allied Suppliers, down to the small independent shopkeeper.

The Scottish people, who prefer bread made from a flour strong in gluten, help to bring prosperity to the Canadian flour miller and wheat grower. Major G. B. Johnson, Canadian Trade Commissioner in Scotland, tells me that Scotland, on a population basis, buys more flour from the Dominion than any other country, with perhaps two exceptions—Newfoundland and the West Indies—and nearly three times as much as England.

And here may I pause to say that a visit to the office of the Canadian Government Trade Commissioner at 200 St. Vincent Street, Glasgow, is an object lesson regarding the scope and intensity of the activities that have made our Trade Commissioner service such a helpful factor in the development of Canada's export trade.

Heavy Wheat Buyer

Scotland also takes over 60 per cent of her wheat requirements from Canada, and substantial quantities of oats, oatmeal and barley. Last year a large trade was done in bran and other flour mill byproducts. The best quality of Quebec timothy hay always finds a market at a substantial premium over the Scottish product.

Canadian cattle, of which imports increased during 1933, are well liked by Scottish farmers and butchers when the right classes are shipped.

I learned of the great increase in the consumption of Canadian canned salmon. One Glasgow agent, in the first complete year of his operations — 1932—sold $120,000 worth of sock-eye and pinks.

In the early days, Glasgow's rise above local importance was on a foundation of tobacco. The trade with Virginia developed and made rich men of the city's numerous tobacco knights. That day is past, but the trade that is still carried on now includes Ontario leaf. Last year it was conceded by the trade that Ontario bright flue-cured was equal to the best Virginia.

Like Canadian Cheese

Canadian cheese is an old trade in Scotland, but New Zealand for many years has occupied first place in the market. Latterly, this has partly been the result of the low price of New Zealand wool. Thousands of New Zealand farmers went into dairy farming with the inevitable big increase of butter and cheese production, which found its way into that country's only market, Great Britain. They were helped, temporarily, by the heavy depreciation of the New Zealand pound in relation to sterling, and the concurrent appreciation of the Canadian dollar. But Canadian cheese always commands a premium over New Zealand.

Canadian bacon is again making its appearance in the Scottish market, and butter and eggs come over when there is a surplus for export and prices are remunerative. Shipments of butter and eggs are now on the water, or on order.

Timber Trade

Canadian timber is, of course, a very old trade. In the old days, spruce deals and white pine were the leading imports. In the last few years Douglas fir from British Columbia has led the procession. It is now being used for building purposes, and to that extent, displaces Scandinavian white or red wood, or U. S. Oregon pine. In the Lennox Castle Mental Institute of Glasgow Corporation, embracing 60 buildings, it is being used for "carcassing"—for the first time in Scotland. Twelve houses of the Nitshill (Glasgow) housing scheme are also being carcassed with this wood. It is also used for finishing and flooring, and for numerous purposes in connection with shipbuilding.

Canadian birch logs are brought in extensively, also birch squares for the manufacture of spools or reels for thread. The squares are used by the largest firm of thread manufacturers in the world, and cross the Atlantic in shiploads.

Enquiries for Canadian Eastern spruce are again coming into the market. The results will depend upon Canadian shippers being able to compete in price with Scandinavian. The Canadian timber will also have to be more carefully sawn to specifications.

Canadian maple flooring is well known in Scotland, and in the last few years birch flooring has made its appearance in many buildings. British Columbia softwood broom handles and Eastern Canadian clothes pegs are well known to the Scottish housewife.

Affection for Canada

Similar comments upon many other Canadian products might be made, but enough has been said to show both the excellent quality of many Canadian products, because nothing but the best will suit the Scot, and that the average Scotsman has a warm place in his heart for the people of Canada. It will suffice, then, to say that a trade, regular or irregular, large or small, is also done in rubber footwear, macaroni, agricultural tools, dowels, turkeys, frozen salmon, maple syrup, honey, beekeepers' supplies, red clover seed, insulating board, etc.

Information about trade in the other direction is not so readily obtained. The United Kingdom statistics do not show separate figures for Scotland, so that the volume of Scottish exports to Canada is a matter of conjecture. But there seems little doubt that since the Ottawa Empire conference, a considerable expansion has taken place, and is likely to increase. This is all to the good, of Canada as well as Scotland, for trade means "trade," and the idea that goods can flow in one direction only is an exploded fallacy.

Nevertheless, Scotland's exports to Canada cannot be expected to reach the volume of the return cargoes, for Scotland, as part of a great creditor country, must receive a commodity surplus as interest and dividends on investments and shipping services abroad.

I heard many appreciative references to the enthusiastic reception given to the Scottish Exhibition Ship S. S. Letitia by Canada in 1932. The Duke of Montrose, who was the leader of that trade expedition, has thrown his influence toward the encouragement of Scotland's trade with the Dominions.

As I finish this article, I can hear the skirl of the pipers of the Toronto 48th Highlanders and the Toronto Scottish as these troops march down University Avenue, Toronto.

Scotland is very close to Canada.

Liquor Tax May Be Cut In Shake-up

From Our Own Correspondent

OTTAWA.—As a result of the recent shake-up in the senior personnel of the Customs Department, the Government has decided to proceed this session with a complete revision of the Excise Act.

This act now comes under the administrative control of David Sim, the new commissioner, and it will be his first major assignment to redraft the law. The statute has not been revised since originally enacted some 60 years ago and is badly in need of modification. In a general way its terms will be thoroughly modernized and where new provisions are needed to meet present day conditions these will be added.

It is regarded as probable that the Government will meet the wishes of the provinces and that the new act will provide an excise tax on liquor considerably lower than the present tax of $7 per gallon. The figure being mentioned is $5. In this way it is hoped to meet the threat of bootlegging from the United States. Whether or not the customs tariff of $8 per gallon will be cut proportionately is not yet clear.

Christie, Brown Policies Made By Canadians

Complete control of manufacturing and merchandising policies of Christie, Brown & Co., has been returned to Canadian officials by National Biscuit Co., the parent company, in order that the company can operate most effectively in Canadian territory. This does not effect a change either in present personnel which is largely Canadian or in ownership of the company, but gives its Canadian executives a freer hand to deal with their problems as they see fit.

Charles E. Edmonds, president and general manager of the company, will complete 58 years of service with Christie, Brown & Co. next February. Mr. Edmonds will have complete charge of operations throughout Canada. Since 1928, when the company was acquired by National Biscuit Co., certain of its policies have been decided by the latter company and this situation has now been changed.

Exchange Broadens Commission Basis

From Our Own Correspondent

MONTREAL.—Members of the Montreal Stock Exchange have amended present by-laws by adopting an amendment authorizing a special rate of commission to non-member financial houses doing business on the Montreal Stock Exchange through an exchange member.

The granting of this privilege to non-member houses will be especially valuable in towns and cities where there are no branches of member firms and in the same way will obviate the necessity of member firms establishing branch offices. Further this new policy is expected to lend considerable aid to the business of Montreal Stock Exchange brokers in increasing the volume of transactions on the Exchange.

In order to receive this privilege non-member houses must maintain and regularly conduct a stock or bond brokerage business and are at all times subject to the authority of the Governing Committee of the Montreal Stock Exchange. They are required to file an application through a member house to the Governing Committee of the Montreal Stock Exchange and on approval will be registered with the Exchange.

Authorization was also given to charge member houses of the Montreal Curb Market and the Toronto Stock Exchange a special rate of commission.

It is not expected that the Governing Committee will put these changes in the by-laws into effect until early in February as it will take some time to consider applicants.

Canadian Car Operations Register Fair Increase

From Our Own Correspondent

MONTREAL.—Operating results of Canadian Car and Foundry Co. during the first quarter of the current year ended December 31 last were only fair, according to a statement issued by W. W. Butler, president of the company. The market improvement shown during October continued for the balance of the year, and this combined with continued economies made for a reasonably satisfactory showing.

In Mr. Butler's opinion the current year will provide a somewhat greater volume of repair work than did the past year, that trackage work for street railway companies may provide a fair volume of business, but apart from this he makes no predictions concerning new system from either of the two railway systems.

Dominion Bridge Co. Directors Are Re-elected

From Our Own Correspondent

MONTREAL. — The annual shareholders meeting of Dominion Bridge Co. was purely routine. Following adoption of reports, the following directors were elected: G. W. Allan, K.C., Winnipeg; W. F. Angus, Hon. A. J. Brown, K.C.; Hon. P. Burns, Calgary; C. H. Carlisle, Toronto; Norman J. Dawes; T. R. Deacon, Winnipeg; G. H. Duggan, A. A. Hodgson, Sir Herbert Holt, J. W. McConnell, Ross H. McMaster; C. B. McNaught, Toronto; Howard Murray; W. G. Murrin, Vancouver; Julian C. Smith, H. H. Vaughan; and W. J. Blake Wilson, Vancouver.

At a meeting of the board following the general meeting the following officers were appointed: G. H. Duggan, president and managing director; W. F. Angus, vice-president; Julian C. Smith, vice-president.

Newsprint is Due For Improvement McMaster Thinks

From Our Own Correspondent

VANCOUVER. — Operation of the National Recovery Act in the United States will automatically bring about an improvement in the Canadian newsprint situation, is the belief of A. E. McMaster, general manager of the Powell River Co., leading newsprint producer on this coast, who has returned from attending a series of conferences in Washington and elsewhere concerning the N.R.A. newsprint code.

The National Recovery Act, Mr. McMaster believes, will accomplish what many months of negotiation in Canada have failed to bring about, a greater degree of stabilization in the industry and elimination of ruthless price cutting.

Mr. McMaster says that General Hugh Johnson, administrator of the N.R.A., was extremely cordial toward Canadian newsprint manufacturers at the session, showing recognition of Canada's dominant place in the industry. At the same time the Canadians recognized the importance of the United States market.

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IT was the attractive royal blue and gold package that sold me my first Philip Morris Navy Cuts.

And I found the Cigarettes just as pleasing as the package.

Firmly rolled—mild and cool.

And what surprised me most was that the price was no more than for other Cigarettes! P45

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Dated January 16, 1934, and offered in three maturities, the choice of which is optional with the subscriber, as follows:

Three-Year	Six-Year	Fifteen-Year
4% Debentures	4½% Debentures	4¾% Debentures
Due January 16, 1937	Due January 16, 1940	Due January 16, 1949
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Coupons payable January 16 and July 16.

Debentures registerable as to principal only.

Principal and interest payable in lawful money of Canada, at the holder's option in the cities of Toronto, Ottawa, Montreal, Winnipeg, Vancouver, Halifax or Saint John, N.B.

Legal opinion of E. G. Long, Esq., K.C.

The proceeds of this issue will be used to retire short-term indebtedness incurred for capital expenditures of the Hydro-Electric Power Commission and of the Temiskaming and Northern Ontario Railway Commission, for advances to the Agricultural Development Board and for Unemployment Relief.

APPLICATIONS TO THE ABOVE LOAN WILL BE RECEIVED BY ANY BRANCH OF ANY CHARTERED BANK IN CANADA, ANY BRANCH OF THE PROVINCE OF ONTARIO SAVINGS OFFICE, AND BY RECOGNIZED BOND DEALERS AND STOCK BROKERS, FROM WHOM MAY BE OBTAINED COPIES OF THE OFFICIAL PROSPECTUS CONTAINING COMPLETE DETAILS OF THE LOAN.

SUBSCRIPTIONS TO THIS LOAN WILL BE SUBJECT TO ALLOTMENT AND THE LIST WILL CLOSE AT THE DISCRETION OF THE TREASURER OF ONTARIO.

INTERIM DEBENTURES IN BEARER FORM WILL BE AVAILABLE FOR DELIVERY ON OR ABOUT JANUARY 22, 1934.

TREASURY DEPARTMENT,
PARLIAMENT BUILDINGS,
TORONTO, JANUARY 15, 1934.

Your Investments

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Misrepresentation First Evil to Attack

British Decision in Lord Kylsant Case Gives Public Break — Law May Have to Take More Cognizance of Appraiser and Trustee

By F. W. WEGENAST, K.C.
Author of "Canadian Companies"

Editor's Note—This is the first in a series of six articles by F. W. Wegenast, K.C., who as a practising lawyer of the Ontario and Manitoba bars and author of a comprehensive book on Canadian company law, is eminently qualified to discuss here the general principles and essential considerations which legislative authorities should keep before them in making changes in the various Dominion and Provincial acts. Mr. Wegenast has been charged with protection of interests of shareholders in a number of cases which have drawn Dominion-wide attention because promoters misled shareholders on a wide scale. He therefore knows whereof he speaks.

Company act reform has been promised by all three political parties in Canada in response to the public indignation at the unexampled break-down in security values which followed the end of the boom in 1929, and Mr. Wegenast feels that that public demand has some justification in view of the fact that the debacle in England was not nearly so serious as on this continent because English law and practice do not give promoters opportunity for stock watering on such a large scale. It should be realized as well that the various Canadian fraud security acts based on the Martin law of New York State are now beginning to show their limitations.

Must Combine Freedom and Protection

As first principles he enunciates the generic idea that so long as private capitalism persists there must be conceded the right of small portions of capital to combine for any corporate purpose. The following three principles would follow: 1st, regulations or restrictions should be directed to protect the investor and not to hamper the promoter; 2nd, the state cannot guarantee or assure the investor that an enterprise will succeed as the right to assemble capital for speculative purposes must also be admitted; 3rd, in providing against abuses of privilege granted under company laws, it should be recognized that so-called sales of stock are really "subscriptions of capital" for a definite purpose and therefore need special safeguards not applicable to transactions such as the sale of a motor car or a horse.

To conclude, legislators and those pushing for legislative reform, should bend their efforts to preventing the use by promoters of devices tending to deceive or confuse. There should be restrictions as to form of security and terms of offering to the end that there can be no discrimination in favor of one class of shareholders or of individual shareholders as against others. Nor should any promotion be permitted to adopt any device which prejudices the rights of shareholders.

The series of articles now commencing deals with the following outstanding and generally recognized evils or abuses or complaints in connection with the assembly of capital in companies or corporations: 1st, misrepresentation; 2nd, stock watering or illusory capitalization (two articles); 3rd, abstraction of the vote; 4th, abuse of majority control; and 5th, defective auditing.

Misrepresentation Defined

Misrepresentation is deception practised by the company or its promoters in order to induce persons to subscribe to its capital. When we say the company we of course include its agents; indeed an incorporated company has no other way of acting but through agents.

The forms of deception and untruth that may be practised by those who wish to secure subscriptions of capital may be infinitely varied. Naturally they are varied to suit the "prospect." One man will be interested principally in the project itself. He will see that the steam car does run and has certain advantages over the gasoline car, and will pay relatively little attention to the terms of the preference stock, or how much the promoter has helped himself to, or how much the stock has been watered, or what sort of people are behind the project. Another man's course may be determined by the personnel of the venture, and he may be satisfied to find that So-and-So are to be shareholders or directors. Another man will rely on the balance sheet or the record or prospects of earnings or profit. Any of these and a great many more matters may be important in the judgment of a prospective subscriber, and deception in any one of them may be so reprehensible that the subscriber ought to be given back his money or that those responsible should be liable in damages and subject to punishment.

Non-Disclosure is Misleading

Under the heading of misrepresentation we may include non-disclosure. The non-disclosure of an important fact may be as misleading as a positive untruth. The two shade into one another and non-disclosure may in some cases amount to misrepresentation, as is shown by the recent case of Lord Kylsant in England. Previous to the decision of that case it had been understood by most lawyers in Anglo-Saxon jurisdictions, including the United States, that while statements made to a prospective subscriber for stock, whether in a prospectus or otherwise, must contain nothing but the truth, they need not contain every fact that might adversely affect the judgment of a prospective subscriber for stock, though it had been held in various cases that, where the non-disclosure was such as to render misleading that which was stated, the effect was the same as that of a false statement.

Kylsant Case Important

The Kylsant case, though it did not go any higher than the Court of Criminal Appeals, and could be offset by dicta in previous cases in the House of Lords and Privy Council, appears to be one of the examples which we sometimes have of a decision so consonant with the public sense of what the law should be that it is accepted even by the higher courts as conclusive. The facts were these:

"In 1928 the Royal Mail Steam Packet Company offered to the public a £2,000,000 issue of debenture stock to finance building operations and 'for the general purposes of the company . . . . .' The prospectus stated in part: 'Although this company, in common with other shipping companies has suffered from the depression in the shipping industry, the audited accounts of the company show that during the past ten years the average balance available . . . . . has been sufficient to pay the interest on the present issue more than five times over. After providing for all taxation . . . . . the dividends on the ordinary stock during the past 17 years have been as follows.' A schedule indicated that dividends of from four to eight per cent had been paid in every year but one."

A Puzzling Situation

Every statement was literally true, but the prospectus failed to disclose that the company had operated at a loss for seven years and had balanced its accounts and paid dividends by the "adjustment" of huge reserves accumulated during the prosperous post-war years. In affirming a conviction below, the Court of Criminal Appeal held that a selection from the whole truth so partial and fragmentary as to give a misleading impression might be ground for criminal liability despite the literal truth of every statement made.

It will be seen that this is not quite the same as saying that a prospectus must state the whole truth, but it does result in this somewhat puzzling situation: Certain statutory enactments require that whenever a prospectus is issued it must contain certain information. Up to the time of the Kylsant decision it was generally understood by lawyers that if the prospectus contained this required information and contained no misstatements the law had been complied with. The question now is whether, in addition to fulfilling the statutory requirements, it is necessary to state every fact that may be important to a subscriber.

There the matter stands. The question is whether this is as it should be, and what, if any, change ought to be made.

Court Exercises Profound Influence

It should perhaps be observed, before leaving this phase of the subject, how important a factor the attitude of the courts is, or can be, not only in the practical application of the law, but in laying down general principles with far-reaching logical and practical results. And it may be pertinent to give expression to a view, which undoubtedly has a certain currency, that it is more or less unusual for the investing public to get such a "break" as that in the Kylsant case. It is all very well to say that the function of the courts is to apply the law and not to make it, but it is obvious enough from cases like the Kylsant case that there are occasions where, owing to our system of judicial precedent, the court cannot avoid exercising a profound influence on the direction of the substantive law itself. In other words, the courts must share with the legislature the responsibility for existing evils, if any, and for prospective remedies.

Masquerading Bonds

Under the head of fraud or deception perhaps something ought to be said on the question of the distinction between stocks and bonds. For reasons having to do with what the stock salesman calls "sales resistance" there has been a disposition, for several years past, to seek capital by the sale of bonds rather than stock—bonds which are not much more than stock—with the vote abstracted. Here may be a field for administrative supervision.

Where it is found that the corporate capital is to be entirely or largely represented by a bond issue which is not adequately secured on assets having a value apart from the corporate enterprise it is arguable that the public is not being treated fairly when the security is called a bond. There have of late been large issues of bonds with nothing ranking behind them but common stock based on appraisal values or created for bonusing purposes and not representing anything but estimated future earning power. It may be a form of deception to allow such securities to be represented as belonging to the class which the public have been accustomed to regard as bonds.

Appraisal Companies in Limelight

In a recent receivership proceeding it was revealed that all that was behind a bond issue of over $900,000 was a body of assets which was being carried on the books of the company at $600,000 but which had been "stepped up" by an appraisal company on the basis of assumed earning capacity to $1,300,000. And the trustee, a trust company, which under the terms of the trust instrument had to satisfy itself that the bond issue did not exceed 75 per cent of the value of the assets, took the responsibility of certifying the issue. Something may have to be done about appraisal companies and trustees for bondholders.

Obviously in the case just referred to the decent thing would have been to issue stock, rather than bonds, for the greater part of the assets.

It will be seen, therefore, that much of what has been and will be said about preferred stock issues may be applicable *mutatis mutandis* to bond issues.

The next two articles on "Stock Watering or Illusory Capitalization" will appear in early issues.

Enquiries

Dominion Bridge

Please let me have an opinion on Dominion Bridge Co.'s stock. Is the company likely to do better this year?

Dominion Bridge's operations and earning power are dependent upon the volume of new engineering projects and general construction undertaken in the Dominion. Needless to say the amount of this work available has been of limited proportions over the last year and a half. Prospects are not altogether unfavorable, but it is thought that earnings are likely to be lean during the current year. Finances, on the other hand, are exceptionally strong so that the company is in a position to carry on without financial embarrassment until such time as conditions pick up.

E. T. Telephone

Can you find out for me what progress has been made by the Eastern Townships Telephone Co. over the past year? Has the company been able to earn its dividend?

Eastern Townships Telephone Co. has had a satisfactory year. While revenues have declined, the drop in expense was sufficient to offset the loss in gross income. The dividend was earned by a fair margin and, in addition, the company was able to make a substantial reduction in notes payable issued in connection with the redemption of the bonds in 1932. It now appears that the company has passed the worst of the depression and revenues may show a forward movement in 1934. There is a ready market for the stock.

National Breweries

Do you think National Breweries preferred stock is satisfactory as an investment? I do not want to take unnecessary chances and this stock has been recommended to me as a safe buy.

National Breweries preferred stock is generally classified as an investment issue. It is closely held and earnings for several years past have been ample to take care of dividend requirements. The position of the company in the Quebec brewing field is an exceptionally strong one and while earnings on the common shares may fluctuate, income is ample to take care of the preferred needs which rank as the senior charge.

East Kootenay

Is East Kootenay Power Co. paying its bond interest? I would like any information you have on the price of the bonds and on the company's operations.

East Kootenay Power Company is paying interest on its bonds. The approximate market value of the bonds is from 55 to 60 per cent of par.

The company develops and distributes hydro-electric power through the southeastern section of British Columbia and the southwestern part of Alberta. The company produces and sells power in the Crow's Nest Pass district in Alberta. It also supplies light and power to municipalities in the southern part of East Kootenay district and to the Kimberley plant of Consolidated Mining & Smelting Co. Last year the company barely earned bond interest. This year net earnings for the first seven months, to October 31, were 7.86 per cent below earnings for the same period of last year. At present the coal mines in the district the company serves are inactive but if activity in this district increases, it would tend to increase the company's earnings.

The company paid its preferred dividends in full up to the end of 1932 but ceased paying and has paid nothing on the preferred for 1933.

Thrift Stores

How is the preferred stock of Thrift Stores regarded? Is this stock in the investment class and what market exists for it?

Thrift Stores, operating a chain of food stores in the Montreal area, has reported an appreciable increase in sales and earnings in the past two or three years. For the first three quarters of the current fiscal year ended December 31 last, income was well ahead of the same period of the previous year. Dividends on the preferred stock have been well earned. From the investors' point of view the stocks of Thrift Stores are in need of further seasoning. Progress has been satisfactory, but the stock is still a "local" issue and has not yet developed a wide market.

Canada Steamships

Can you let me have some up-to-date information on Canada Steamship Lines, in which I have invested $500 in general mortgage bonds? Has there been an improvement in operations?

Canada Steamship Lines gross income has been cut in half over the last five years. While the management has made every effort to reduce expenses and large savings have been effected, the drop in gross has made it necessary for the company to seek relief from its funded indebtedness. Sinking fund on the first mortgage bonds has been deferred, while interest on the general mortgage bonds has been passed. A bondholders' committee is now working on the situation with a view to improving the position of the company. Preliminary reports on last year's operations are only fair. The unexpected early freezing of the canals seriously interfered with the movement of grain in the closing weeks of the navigation season. Other departments, such as packet freight, hotels, passengers, etc., had a fair to "a better" year. While the net results will not be known for a little while, it is not expected that the income statement will show marked improvement over 1932.

St. Lawrence Paper

I hold some preferred shares of St. Lawrence Paper Mills bought at par. I understand there is no market for this stock now and that the welfare of the company is tied up with the general newsprint situation. Has there been any improvement and what might these shares be sold for today?

There has been little improvement in the position of the St. Lawrence Paper Mills, though it is expected that the company will secure additional tonnage as a result of the co-operative arrangement entered into between the Canadian newsprint manufacturers. This will tend to improve working position and earnings, though it is expected some time will elapse before the company is back on its feet. There is a limited market for the preferred stock. Some of it has been traded on the Montreal exchanges around 12, though the bid at that level is not a strong one.

Southern Canada Power

I will be greatly obliged if you will let me have your opinion on Southern Canada Power. Is the company holding its own and why has it been necessary to cut the dividend on the common stock?

Southern Canada Power Co.'s earnings in the last two years have declined, though not to a serious extent. The issuance of a fairly large amount of preferred stock has made heavier calls upon net earnings of the company for dividend purposes, so that the balance available for the common has dropped to a point where the management found it necessary to reduce the dividend from $1 to 80 cents a share. The company serves a highly diversified industrial area in the Eastern Townships of Quebec. Its power sales have held up satisfactorily and it is to be expected that over a period of years the company will register further growth.

Grouped Income Shares

I hold Grouped Income Shares, series A, and All-Canadian Common Stock Trustee Shares, series A. These shares were bought in 1931 from a broker who now recommends their sale and the purchase of low-priced bonds. If I do sell would it be safe to buy such stocks as Steel Co. of Canada, Dominion Stores or Loblaw Groceterias?

The stocks included in the portfolio of Grouped Income Shares and All-Canadian Common Stock Trustee Shares can still be regarded as "blue chip" stocks in their respective classifications with very few exceptions. They are stocks of companies that still retain a strong position in their industry and which can be expected to benefit by any further improvement in business conditions either in the United States or in Canada. They are stocks that might be expected to reflect any upward movement in security prices such as took place last summer.

It is true that the position of some of these stocks is not good but the trust deed of both trusts permits the sale of such securities. Having bought these trust shares in 1931 and held them to date, we would suggest that you consider very carefully any proposal by which you are asked to exchange these stocks for depreciated bonds. It is true that some bonds of this type might give you more income than you are at present receiving and might offer possibilities of appreciation in capital but there is no reason to believe that such a bond would appreciate more rapidly than a sound selection of common stocks and the risk entailed should not be overlooked.

Among the shares included in the portfolio of All-Canadian Common Stock Trustee Shares, Steel Co. of Canada is represented as well as other strong Canadian companies that can be expected to benefit to the same extent as Steel Co. of Canada with any improvement in business and construction in Canada. The food industry is represented by Ogilvy Flour Mills Co., which still retains a strong financial position. The shares of Dominion Stores and Loblaw Groceterias are not included and these shares have had a better than average record during the past four years.

Calgary Power

Is the preferred stock of Calgary Power Co. well regarded? Do you think it is satisfactory for an investment of a few hundred dollars?

Calgary Power preferred stock is looked upon as a satisfactory investment medium. The company has been able to keep its earnings on a relatively high level and in the last five years has averaged over $10 a share on the preferred stock, as against dividend needs of $6 a share. In 1932, the last year reported, earnings on the preferred stock amounted to $10.53 a share. In recent years the company has carried out an extensive expansion programme, including purchase of control of the Ottawa Valley Power Co.

Mining Enquiries

Mining questions and problems submitted by subscribers of The Financial Post will be answered by letter and those of general interest will be published on this page. We cannot extend this service to non-subscribers. A three-cent stamp or stamped envelope must always be enclosed to cover the direct reply. Write general investment and insurance enquiries on sheets separate from mining enquiries. No answers can be given by telephone or telegram.

Falconbridge Nickel

Recently I have had several long distance telephone calls from a Montreal broker, who is not listed as a member of any exchange, strongly advising the purchase of shares in Falconbridge Nickel. The tactics employed to interest me have raised my suspicions and I would like you to advise me regarding the integrity of this firm and the outlook for Falconbridge Nickel.

We are very much surprised at your report of the tactics employed to sell shares of Falconbridge Nickel because the stock is listed on the Standard Stock & Mining Exchange here. It is unusual to resort to such practice except when some unloading is going on. We have no way of knowing the financial integrity of brokerage firms as they do not publish financial statements.

Falconbridge Nickel Co. has been paying dividends and thereby attracting some interest to its operations. It is the longer viewpoint that counts.

Time only will tell if it will survive in competition against its strongly entrenched neighbor. The grade of ore is low and getting lower. It has higher producing costs.

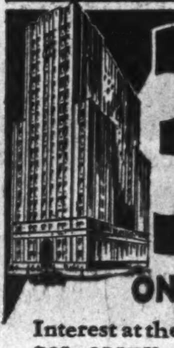
Nicola Mines & Metals

I purchased some shares in the Nicola Mines & Metals Co. and have a profit at the present time. Will you please give me particulars of the company's operations and advise whether or not to sell and take my profit?

The Nicola Mines & Metals property was formerly known as the Planet and the Donahue mines which have been consolidated after being operated intermittently for the past 25 years. The early operations disclosed narrow veins, rich but erratic, and all efforts to make a success were disappointing. The last operator, the Planet Mines & Metals Co., built a mill in 1929 but, according to the British Columbia Department of Mines, its failure was due to lack of ore developed to feed a 100-ton mill, unsolved metallurgical problems and lack of money.

Premier Gold Mining Co., which is well fortified with cash and ability, had a look at the property in 1931 but did not take it up. Last spring the present company was formed by a New York group connected with Bartley & Co. With the present high price for gold and given good technical direction, the outlook has improved. The shares, which cost the sponsors of the company 17 cents each, have been sold to the public at prices ranging up to $1.20 a share. Distribution of these shares has been effected by salesmen pursuing tactics that are open to censure and investors have reason to use caution in buying.

The present prices for the shares, as traded on the Vancouver Stock Exchange, have no real relation to the indicated earnings and investors must understand that the market is controlled or supported while distribution of the shares is being made.



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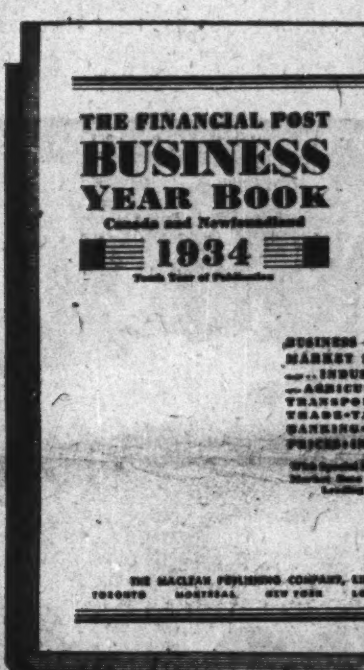

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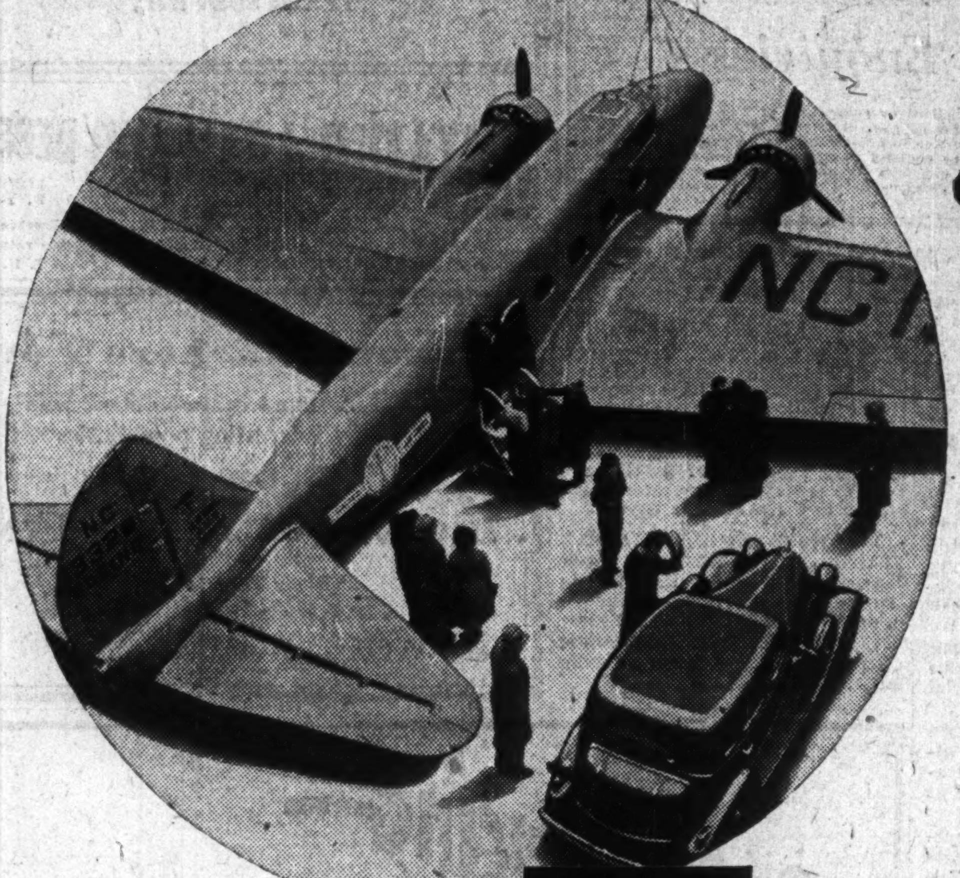

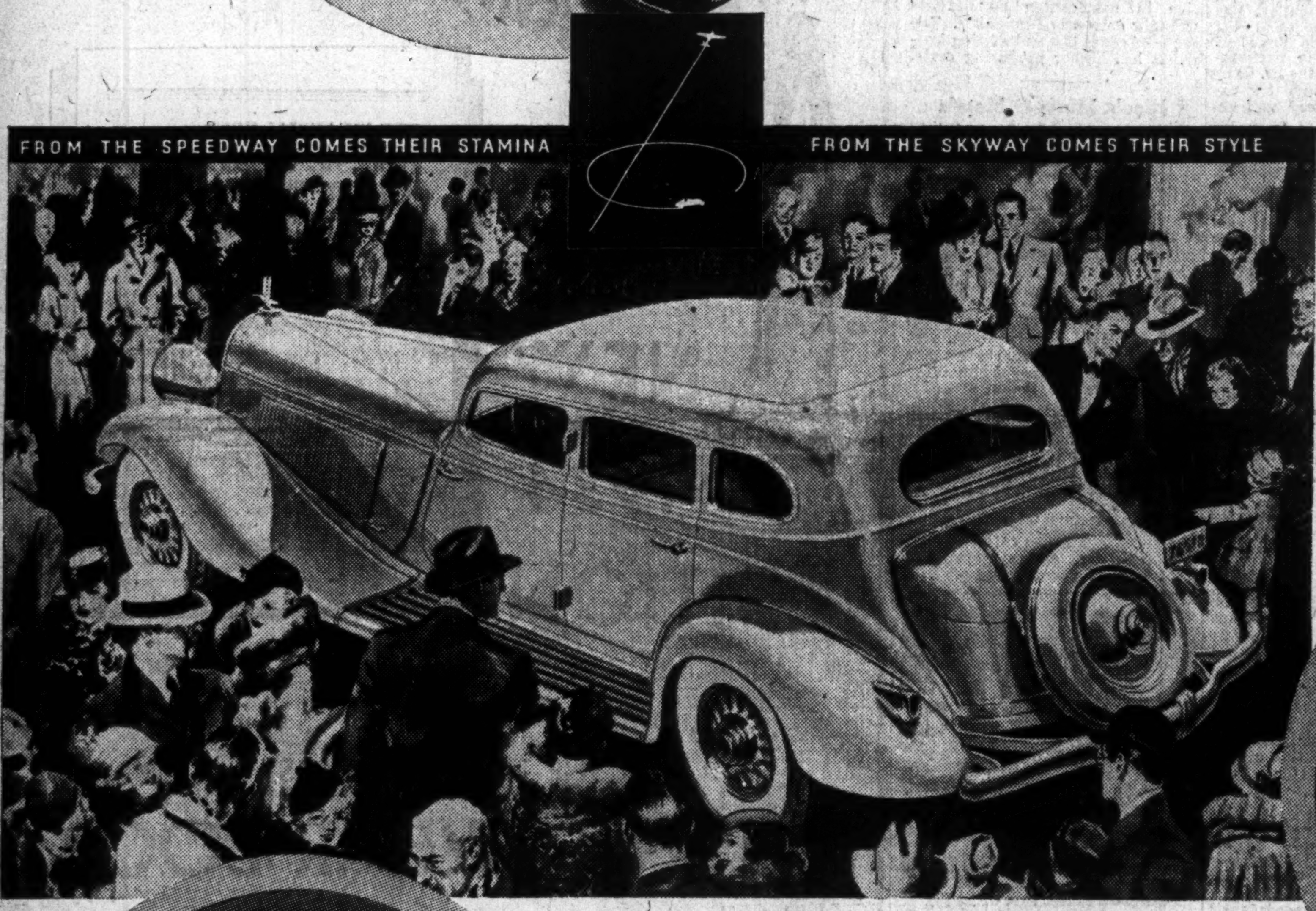

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"No wonder the new skyway style Studebakers glide through the air currents so smoothly, swiftly, and comfortably," says daring Leigh Capreol. "Their lines very successfully approximate those of the new fast transport planes, and I am not surprised that they are so economical of fuel and oil."

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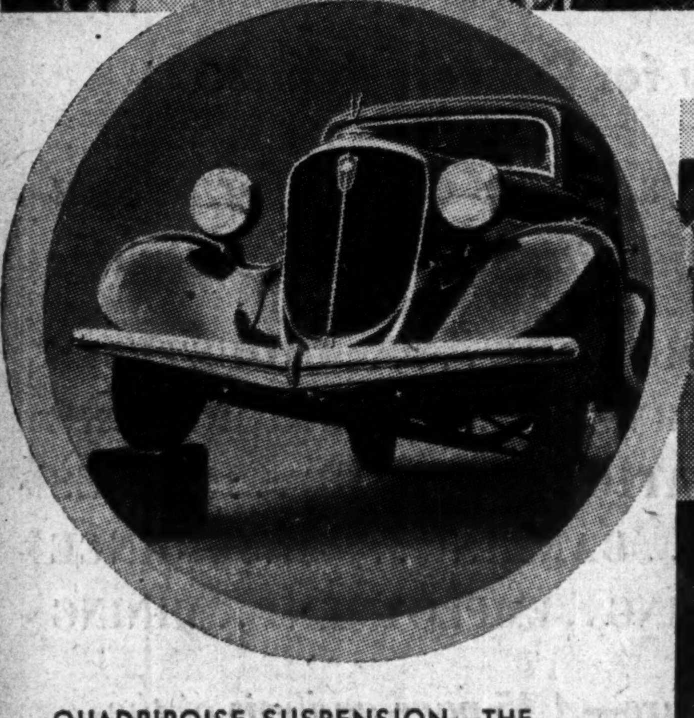

QUADRIPOISE SUSPENSION—THE MILLION-DOLLAR COMFORT

Riding comfort is stabilized not only on front wheels but all four wheels by quadripoise suspension—the million dollar development initiated by Studebaker. In picture above, one front wheel is 12 inches off the ground but level of body and roof is practically undisturbed as shown by position of bumper.

FROZEN IN 2 TONS OF ICE—STARTS IN 3/5 OF A SECOND

A girl driver startled the business section of a large city recently by piloting this ice-covered new Studebaker through the streets. Car had been in 20 below zero cold room for days—yet started in 3/5 of a second at switch of starter key.

BATTLESHIP CONSTRUCTION WINS IN 104-FT. DROP

Toppled off a 104-foot cliff into a rock quarry, the seamless-steel, battleship construction of this skyway-style Studebaker stood up magnificently. Curiously, not even its safety glass broke. Doors opened and closed perfectly. About the only noticeable damage—crumpled fenders and loosened hood. Car started instantly at switch of key when righted—was driven off under own power. Test was repeated for good measure!

The Studebaker Corporation of Canada, Limited

Walkerville, Ont.

SECOND SECTION

THE FINANCIAL POST

SECOND SECTION

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Insure Bank Deposits Under New U. S. Plan

Scheme Operates on Temporary Basis Now but May Require Many Revisions

By DR. GAINES T. CARTINHOUR
School of Commerce, Accounts and Finance, New York University

NEW YORK.—While Canadian bank depositors have been free from the suffering occasioned by bank failures, it is well known that millions of depositors in American banking institutions have sustained heavy losses during the past thirteen years. As a result of this disgraceful record, the American public demanded deposit safety. The deposit guaranty, as provided in the Banking Act of 1933, forms a landmark in American banking history, not only because of its immediate effects but also because of its future influence upon Federal Reserve System membership and bank supervision.

Over 13,000 Banks Insured

The Federal Deposit Insurance Corporation, which administers the guaranty fund, began operations on January 2. At present 97 out of every 100 Americans with bank accounts are insured in full against failure. Over 13,431 banks have been admitted under the plan which provides insurance for all deposits of $2,500 or less. These accounts make up more than 90 per cent of the $54,000,000,000 now on deposit in American banks. About 1,000 operating banks are voluntarily or involuntarily without the insurance. Some bankers could not meet the requirements. Others insisted they did not need insurance to safeguard depositors.

To date the plan seems to be going over very well. Deposits thoughout the country have increased materially as a result—in some instances as high as 50 per cent. Hoarders are reported to be taking their savings from insecure hiding places and depositing them in banks whose deposits are insured. There has been little tangible evidence in New York City of the benefits of the plan because institutions in this city have not suffered like many others because of the loss of public confidence. Deposits ordinarily increase at this time of the year because of the seasonal trend, but the present increase is much more than seasonal. A billion or more dollars will find its way back to the banks, where it belongs.

Temporary insurance is effective from January 1, 1934, to July 1, 1934, after which a permanent insurance system operates. The original assessment under the former plan is ½ of 1 per cent, with total assessments limited to 1 per cent. Actually, only one assessment of ¼ of 1 per cent is being made at this time. Under the permanent plan all deposits are insured 100 per cent up to $10,000, 75 per cent from $10,000 to $50,000, and 50 per cent above $50,000, with the assessments which may be made to pay for losses of failed banks unlimited in amount. The Government contributes part of the capital but this is used as an operating fund and is kept intact. The losses must be borne directly by the operating banks.

Under the permanent plan, 99.3 per cent of the individual depositors will have 100 per cent coverage, though they furnish only 39.6 per cent of deposits. Small banks dislike the plan because it forces them into the Federal Reserve System or out of the F. I. D. C. after July 1, 1936. From now on assessments are to be made only when losses occur. Therefore, in prosperous periods, when failures are limited in number, the assessments would be small, whereas in periods of depression, when failures would naturally be heaviest, the assessments would be most frequent and most severe. This arrangement is most unwise as future experience will probably indicate. The temporary plan has a good deal to recommend it, even though it may not be the ideal form of deposit protection, but there are many differences of opinion as to the permanent plan.

Raising Necessary Capital

The capital for operations comes from three sources. The Federal Treasury furnishes $150,000,000, and the Federal Reserve banks pay in about $131,100,000 out of their surplus. When added to the member bank assessment, the F. I. D. C. will have a potential capital of about $550,000,000. This can be increased three times by borrowing or even further by additional assessments. The funds which are arriving in the F. I. D. C. treasury at present are not needed and reports indicate the corporation is placing its funds in government securities with a minimum loss of time and just when the U. S. treasury needs it if a break in its securities is to be warded off.

The guaranty plan does not provide for an indiscriminate deposit guarantee. The Government demands that banks admitted be sound from the beginning, and where necessary Government funds have been invested in many institutions by the purchase of preferred stock or capital notes. This process strengthens the capital structure of the banks before admittance. The U. S. Government partnership with private banking, one of the features of the New Deal, will be discussed in a subsequent dispatch to The Financial Post.

The large banks in New York and other metropolitan centres will have to stand the main burden of losses. Banks in New York City alone will have to stand about 28 per cent of all members' share in the cost of the guaranty fund. The "Big Three," Chase, National City, and Guaranty, will have to pay 12 per cent of the cost, with Chase alone paying more than 5 per cent, or nearly $6,500,000.

Not True Insurance

It is too early to appraise the soundness of the banks that have been admitted into the system. Only 141 open, unrestricted banks that applied for insurance have been refused. The R. F. C. has approved the application of 5,424 banks asking for $823,000,000 of Government money as new capital. In addition to the 5,950 national banks and state member banks, which became members automatically, 7,749 out of the 8,300 non-member banks operating on an unrestricted basis applied for admission to the insurance fund and practically all of them have been examined.

The F. D. I. C. is not an "insurance" corporation in the real meaning of the term, because premiums are not paid by the insured—that is, the depositor—but by the banks. Furthermore, the premiums are not paid on any annual basis for the purpose of building up reserves to meet unforeseen losses.

Further Decline Seen In New Capital Issues

Business Year Book Estimate Places 1933 Total at $240,188,000, Exclusive of Refundings

By KENNETH W. TAYLOR, M.A.,
Associate Professor of Economics, McMaster University

New Canadian capital issues (exclusive of refunding and conversion issues) in 1933 totalled $240,188,000, a decline of 24 per cent from 1932, 53 per cent from 1931, 65 per cent from 1930 and 74 per cent from 1929. The totals have been computed from the issue or selling prices and not from par values and have been prepared for The Business Year Book, 1934 (which will appear shortly).

Canadian Capital Issues—1929-1933
(In millions of dollars)

	1933 ($,000)	1932 ($,000)	1931 ($,000)	1930 ($,000)	1929 ($,000)
Gov't. and Municipal	229,944	291,392	329,565	264,847	201,608
Railways	......	12,500	123,925	119,738	247,815
Public Utilities	2,521	7,070	44,695	181,393	145,721
Pulp, Paper and Lumber	......	......	398	2,696	46,981
Mining	762	......	2,295	30,341	38,953
Metal Industries	......	......	......	21,077	35,778
Other Industries	5,548	2,080	2,859	14,518	118,837
Trade	......	......	865	10,755	52,539
Financial Institutions	......	......	......	14,146	30,218
Land and Buildings	1,418	3,080	9,351	21,843	20,724
Total	240,188	316,122	513,953	681,354	939,174
	%	%	%	%	%
Percentage sold in Canada	68.8	85.2	75.7	58.7	58.4
" " " Great Britain	31.2	4.9	2.0	3.2	8.6
" " " United States	...	9.7	22.3	38.0	32.6
" " " Other countries	...	.02	...	0.1	0.4

All But One Sold in Canada

All issues were sold in Canada except the £15,000,000 ($75,000,000) loan secured by the Dominion in the London market. The only New York financing was the refunding of the $60,000,000 one-year notes due in October.

The Dominion Government was the heaviest borrower in 1933. No doubt part of the decline in provincial and municipal borrowings was due to the fact that loans were being made to the provinces directly by the Dominion Government. During the past five years $1,315,000,000 of new money, or almost exactly half of all new investment in Canada has gone into Government and municipal bonds, as the following table shows:

	Dominion	Provincial	Municipal
1933	$124,000,000	$ 67,000,000	$ 39,000,000
1932	78,000,000	123,000,000	90,000,000
1931	150,000,000	114,000,000	65,000,000
1930	100,000,000	82,000,000	82,000,000
1929	....	103,000,000	98,000,000
Total (5 years)	$452,000,000	$489,000,000	$374,000,000

New industrial capital issues were almost unchanged from the previous year. Of the $9,000,000, oil companies took $3,750,000 and "liquor" companies $1,750,000. Industrial issues for the past five years are as follows:

1933	$ 9,000,000
1932	9,000,000
1931	50,000,000
1930	274,000,000
1929	470,000,000

Stocks were a little more in evidence than in the past two years. New stock issues in 1933 were $6,125,000, as compared with $2,800,000 in 1932 and $5,500,000 in 1931, and over $400,000,000 in 1929.

Roots of Western Provinces' Financial Crisis Deep In Past

Financial History Indicates that Depression is Not the Sole Cause of Provincial Troubles

By J. A. MAXWELL,
Clark University

Since 1929 the provincial governments in Canada have experienced grave fiscal difficulties. The difficulties have varied in their intensity from province to province. At one extreme the governments avoided bankruptcy by a narrow margin; at the other they suffered merely from annoying embarrassments. The experiences of the governments of the four western provinces,—Manitoba, Saskatchewan, Alberta, and British Columbia,—were, I believe, typical of the former group.

But while these provincial governments faced problems common to all emergency financing, there were certain unusual features about their experiences which are of current interest. The Federal Government in Canada, early in the depression, initiated a scheme of construction of public works in order to combat unemployment. The provincial governments—and the municipalities as well—were induced to join in this scheme by the offer of federal grants-in-aid. In the light of later developments this move was unfortunate for all participants; for the provincial governments of Manitoba, Saskatchewan, Alberta and British Columbia it was almost disastrous. They entered upon projects which called for extensive borrowing. Then suddenly, in September, 1931, the New York market, upon which they had been accustomed to rely for capital, was closed to them when the Canadian dollar fell to a heavy discount in United States funds. Their fiscal position soon reached the stage of crisis and the prospect of default was not remote.

At this point the Federal Government came to the rescue. It lent these provincial governments money both to carry on their public works and relief programmes and to meet their obligations in New York. These loans are still outstanding.

Past Spendings

For many years the provincial governments of Manitoba, Saskatchewan, Alberta and British Columbia have had a higher scale of expenditure than their sister provinces. Until recently the West has been amazingly prosperous and its people have been buoyantly optimistic. They believed, with Sir Wilfred Laurier, that the twentieth century belonged to Canada, and especially to western Canada. Accordingly, their provincial governments, with the full consent of the electors, aimed to provide governmental services, not only for the growing needs of the present, but for the anticipated needs of the future. They were not afraid of experiments which cost money. Government ownership and operation of telephones, of railways, of power plants, of grain elevators, of savings institutions—these and similar ventures were earnestly undertaken. Furthermore, the western governments did not lag in providing social welfare services for their people. Their expenditure on education, on hospitals, on pensions has been heavy.

The situation which prevailed before the depression is illustrated below:

Per Capita Ordinary Expenditures and Gross Debts, 1928-9

	Expenditure $	Debt $
Manitoba	18.24	125.2
Saskatchewan	18.10	71.3
Alberta	20.00	141.4
British Columbia	34.61	133.0
All other provinces	15.83	79.1

Subsequent Spending

The figures of per capita ordinary expenditures show that Manitoba, Saskatchewan, and Alberta were, in 1928-29, spending on a level above that of the eastern provinces, while British Columbia was in a class by itself. The figures of gross debt show about the same facts, except that Saskatchewan seems to have borrowed in moderation. As will appear hereafter, this position was not maintained. Three years later the debt of Saskatchewan had doubled. There is a bewildering diversity in the accounting practice of the different provincial governments, and the practice of each province varies from time to time. For this reason comparative figures of provincial expenditure do not tell the whole story. But for my purpose they are accurate enough.

Treasurers Not Perturbed

When, in the spring of 1930, the provincial treasurers of the four western provinces were preparing their estimates of expenditure for the coming fiscal year, none of them was seriously perturbed. The ordinary revenues and expenditures for the year past were approximately in balance; the money market, after a short period of panic, had eased and provincial securities could be floated at low rates. Instead of curtailment, therefore, there was expansion of expenditure in every case. As a result, at the end of the fiscal year 1930-31, all the western provinces had heavy deficits on ordinary account. The figures were: British Columbia $5,111,800; Saskatchewan $3,856,700; Alberta $2,306,000; Manitoba $649,200. The deficit of Manitoba was low because the provincial treasurer used certain capital receipts as ordinary revenue.

The provincial treasurers, however, refused to be pessimistic. They made modest increases in taxation and they promised to hold down expenditures; but the treasurer of Alberta spoke for all of them when he declared on Feb. 20, 1931: "It is probable that the greatest weight of the present depression, so far as provincial finances are concerned, fell during the last fall and winter." Of course this forecast was wrong. Revenues continued to shrink, and, the deficits for 1931-32 were equal to 36 per cent of ordinary revenues, shown as follows:

Ordinary Expenditures, Revenues and Deficits, 1931-32
(000 omitted)

	Expenditures $	Revenues $	Deficits $
Manitoba	14,631	11,859	2,772
Saskatchewan	17,723	11,903	5,820
Alberta	18,646	13,492	5,153
Brit. Columbia	29,214	21,893	7,322
Total	80,214	59,147	21,067

The fiscal position of the western provinces had reached the stage of crisis. The seriousness of the situation can, however, better be seen by a glance at the growth of indebtedness. The following table shows the gross debt, 1928-32, excluding bank loans, for which figures are not available:

Gross Debt of the Four Western Provinces, 1928-32
(000 omitted)

	Manitoba	Saskatchewan	Alberta	British Columbia	Total
1928-29	$84,714	$62,876	$96,532	$87,666	$331,788
1929-30	90,452	74,761	106,888	99,055	371,156
1930-31	96,152	93,017	116,802	115,391	421,362
1931-32	108,551	128,720	136,721	123,414	497,406

The total gross debt of the four provinces increased by 50 per cent in three years. Debt charges grew still more rapidly and they absorbed an increasing proportion of the shrinking revenues, as shown below:

Percentage of Ordinary Revenue Required for Interest and Sinking Fund Payments

	1929-30	1930-31	1931-32
Manitoba	32%	34%	44%
Saskatchewan	16	23	37
Alberta	31	37	48
British Columbia	25	29	36
Average	26%	30%	40%

The percentage of ordinary revenues required for interest and for sinking funds rose from 26 per cent in 1929-30 to 40 per cent in 1931-32. It is no exaggeration to say that, in 1932, these provincial governments were close to bankruptcy. In the remainder of this paper an attempt will be made to fill in the important details of the situation.

Finances Inflexible

In depression the fiscal systems of the western provinces proved to be extremely inflexible. Revenues could not easily be increased; expenditures could not easily be curtailed. To some extent this condition was attributable to developments quite outside the control of the provincial governments.

The major occupations of the people of Manitoba, Saskatchewan, Alberta and British Columbia are agriculture, lumbering, mining and fishing. Upon these the depression fell with unusual weight and this made a sharp decline in governmental revenues inevitable. Indeed, not only did the provincial governments find it impossible to impose and collect heavier taxes; they soon found it necessary to pledge their credit to save certain agricultural organizations from collapse. The most notable case was that of the Canadian Co-operative Wheat Producers—the so-called Canadian Wheat Pool. In 1930 the pool made initial payments to the farmers, upon delivery of their wheat, which proved to be in excess of the prices at which the wheat could be marketed. The chartered banks, to which the pool was indebted, became alarmed. The outcome was that the provincial governments of Manitoba, Saskatchewan and Alberta undertook to guarantee the banks against loss through loans to the pool. On October 1, 1931, in fulfillment of this guarantee, the banks were given 4½ per cent provincial debentures amounting to $22.061,000, Manitoba contributing $2,835,000, Saskatchewan $13,577,900 and Alberta $5,649,000.

Other Examples

Limits of space preclude examination of similar instances, but a few of the more important demands upon the provincial treasuries may be mentioned. In 1930-32, the Saskatchewan Government advanced $4,561,900 to its Farm Loan Board to enable it to make loans to farmers. In 1931-32 the Manitoba Government wrote off $2,258,200 of the advances it had made to its Farm Loans Association.

A more dramatic event was the closing to the Manitoba Savings Offices in February, 1932, because of heavy withdrawals by depositors. The deposits of these offices were taken over by the chartered banks, which were given, as security, the assets of the offices and treasury bills of the provincial government amounting to $12,422,400.

Pre-depression Causes

But part of the trouble was attributable to governmental policies pursued before the depression. In the years of prosperity capital expenditure had been heavy not only for such customary purposes as construction of highways, bridges, and public buildings, but also for provincial telephones, hydro-electric systems, grain elevators and railways. These latter enterprises were, indeed, expected to be self-supporting, or even revenue producing. Unfortunately, most of them had not achieved that status by 1929, and those which had soon experienced a drastic decline in revenue which forced them to call for assistance from the provincial treasuries.

These governmental enterprises had, besides, a voracious appetite for new capital. A few illustrations will suffice. In the two years 1930-32, the capital expenditure of the Alberta Government Telephones was $2,773,900; that of the Saskatchewan Power Commission was $3,861,000; that of the Manitoba Power Commission was $2,820,000; that of the provincial railway of British Columbia—the Pacific Great Eastern—was $1,126,000. It is clear that the existence of these government enterprises added greatly to the inflexibility of the fiscal systems of the western provinces.

Relief Expenditures

There was another sort of expenditure, arising directly out of the depression, which helped to bring on a crisis. This was expenditure for unemployment relief. In Canada, as in the United States, responsibility for such expenditure has ordinarily fallen, in the first place, upon the municipalities, and secondly, upon the provincial governments. But, in 1930, the Federal Government passed an unemployment relief act through which it undertook to provide a portion of municipal and provincial expenditure on direct relief and on public works.

In 1931 another measure, conceived on a much larger scale, was enacted. Agreements were drawn up and signed by representatives of the Dominion and of the western provinces which provided that the cost of approved unemployment relief expenditure was to be divided as follows:

	Dominion %	Province %	Municipality %
Direct Relief:			
Municipal	33 1-3	33 1-3	33 1-3
Provincial	50	50	.....
Public Works:			
Municipal	50	25	25
Provincial	50	50	.....
Highways:			
Municipal	50	25	25
Trans-Canada	50	50	.....

This act was extended in 1932 and 1933. Under it, as under the 1930 measure, the plan was to spend much more for public works than for direct relief.

Extensive Programmes

The provinces and the municipalities promptly embarked upon extensive programmes. These programmes had to be passed upon by Dominion officials, and detailed accounts of expenditures had to be submitted to Ottawa. As these were approved, the Dominion made its contribution. By March 31, 1933, it had disbursed about $23,617,900 to the provincial governments of the western provinces, part of which they, in turn, had handed on to the municipalities. The figure is derived from the Report of the Dominion Commissioner of Unemployment Relief, 1933. It does not include Dominion contributions to the Saskatchewan Relief Commission.

The provincial and municipal governments had, of course, spent on their own account an additional amount at least equal to this sum. This they had raised by borrowing. Even in prosperity the addition of such a large sum to indebtedness would have strained the credit of the western provincial governments and municipalities. In the critical years 1931-33 it almost led to their bankruptcy.

Debts of the Past

The events so far recorded indicate that debt was the crux of the fiscal problem of the provincial governments of the West. The very heavy debts which they had piled up in years of prosperity restricted their ability to borrow after depression had come. But, in order to meet the emergency demands arising out of the depression, borrowing was almost forced upon them by the inflexibility of their fiscal systems.

The western provinces had contracted debt mainly in the form of debentures and treasury bills, the former being long-term, the latter short-term, securities. In the figures given below, the small amount of exchequer bonds has been added to treasury bills.

Amount of Treasury Bills Outstanding, 1929-32

Fiscal year:	Man. $ 000's	Sask. $ 000's	Alta. $ 000's	B.C. $ 000's	Total $ 000's	Ratio to total debt %
1929-30	13,810	1,093	.....	11,690	26,593	8
1930-31	14,770	7,875	9,935	20,033	52,613	14
1931-32	31,368	26,888	7,750	11,482	77,483	18

With the onset of the depression, the amount of treasury bills outstanding greatly increased, both absolutely and relatively. This increase was at once a reflection and a cause of the fiscal difficulties of the provincial governments. During 1930 and the first nine months of 1931, the rate on short-term loans was low as compared with the rate on long-term. Accordingly, provincial treasurers, convinced that the depression would soon lift, were tempted to postpone funding the indebtedness of their provinces and to rely upon flotation of treasury bills. The table showing treasury bills outstanding understates the short-term debt, because all four provinces floated debentures which matured in from one to five years. Between December, 1930, and May, 1931, Manitoba issued $8,198,000 of two-year debentures.

This sort of gamble on the state of the money market is usually bad finance and in this case it was literally disastrous. When, late in 1931, the loan market broke, these short-term securities returned to plague the provincial treasurers. They matured at most inopportune dates and they were a handicap at a time when short-term financing was the only sort the market would consider.

Discount on Dollar

The event which precipitated a fiscal crisis in the western provinces was, of course, the departure of Great Britain from the gold standard in September, 1931. At once the Canadian dollar went to a discount in New York. Since the war the western provinces had borrowed there almost exclusively and the major portion of their interest charges were payable in New York funds. Now this money market was closed to them at a time when they were expecting to make large flotations of bonds. Moreover, the discount on the Canadian dollar meant that their public debt charges, both for interest and for repayment of principal, were increased by 12-20 per cent at a time when revenues were insufficient to meet ordinary requirements.

It soon became clear that the western provincial governments were on the verge of default. The Federal Government decided that such a contingency could not be endured and it took steps to support their external and their internal credit. On November 25, 1931, when an issue of $3,000,000 of treasury bills of British Columbia fell due in New York, the Federal Government lent the province $3,371,700 to meet it, taking as security provincial treasury bills. Soon afterward, Saskatchewan, Alberta and Manitoba received similar loans. This situation has not yet been cleared up. On March 31, 1933, the Dominion had outstanding the sum of $12,143,900 net, lent by it to the western provinces to cover their obligations maturing in New York. This is shown below:

Net Loans by the Dominion to Cover Obligations Maturing in New York Outstanding March 31, 1933

Manitoba	$3,133,300
Saskatchewan	3,934,300
Alberta	3,142,000
British Columbia	1,934,300
Total	$12,143,900

Relief Policy Altered

The virtual closing of the New York market to provincial borrowing at once imperilled the public works programme which had been initiated under the unemployment relief acts. The domestic loan market in Canada had limited resources and it could not be expected to absorb large issues of provincial securities. Besides, the Dominion had heavy debt maturities in 1932-33 and these would have precedence in the domestic market. Therefore, in April, 1932, all the provincial governments and the Dominion agreed that, apart from works which had been started and should be carried to completion, unemployment relief expenditure would be confined to giving direct relief. Furthermore, the Dominion agreed to give special support to the credit of Manitoba, Saskatchewan, Alberta and British Columbia by lending their provincial governments funds sufficient to cover their share of the cost of those provincial public works which were continued, and also funds, to be passed on to the municipalities, to cover the cost of municipal public works.

In such cases the Dominion was really financing the whole public works programme. Soon many western municipalities insisted that expenditure for direct relief was more than they could provide and they asked the provincial governments for loans. The provincial governments, in turn, appealed to the Dominion, and, after some demur, it agreed to make advances to the provincial governments, both for municipal and for provincial expenditures on direct relief. In all cases, the Dominion took provincial treasury bills, mostly carrying a rate of 5⅜ per cent, as security. The following table shows the amount of such loans outstanding on March 31, 1933:

Net Loans by the Dominion for Public Works and Direct Relief Outstanding March 31, 1933

Manitoba	$4,449,000
Saskatchewan	8,734,300
Alberta	2,717,800
British Columbia	3,856,500
Total	$19,757,600

The Dominion also made loans to the provincial governments of Manitoba, Saskatchewan and Alberta in order that they might give assistance to farmers. On March 31, 1933, the amounts thus outstanding were $380,000 for Manitoba, $5,840,000 for Saskatchewan and $140,000 for Alberta.

In summary, therefore, the Dominion had outstanding on March 31, 1933, as loans for all purposes to the western provincial governments, the sum of $38,261,500. It had also, in the three years 1931-33, spent outright the sum of $23,617,800 as grants-in-aid of unemployment relief. In addition it had given $9,900,900 to the Saskatchewan Relief Commission. The advances and contributions have further increased since that time.

Financed With Difficulty

Despite this assistance, the western governments financed themselves only with great difficulty. In the latter part of 1931 even the domestic market was closed to the issue of provincial long-term securities because the Federal Government absorbed all available capital by its National Service Loan. But the provinces could not delay for long. In February, 1932, British Columbia floated a fifteen year loan of $5,000,000 through a Canadian syndicate at a cost of about 6¾ per cent (a yield of 6½ per cent). This was hardly encouraging, but Alberta, Saskatchewan and Manitoba soon followed suit with loans of $5,000,000, $4,000,000 and $5,000,000 at nearly the same rate. Since then other loans have been floated on somewhat less onerous terms. There has been some experimental borrowing in London, now discontinued.

For the first six months of 1931 the situation was quite normal, with a group of western bonds selling so as to yield approximately 4.70 per cent and Ontario 4½'s, due 1944, less than 4.50 per cent. In July bond prices fell and continued to fall, until a year later, in June, 1932, the yields had become 6.30 per cent and 5.15 per cent. Thereafter there was some improvement and in October the western issues were yielding 5.45 per cent and the Ontario issue 4.23. Then came another break and in March, 1933, the yields had risen to 6.11 per cent and 4.43 per cent. A significant fact is the widening of the spread between the two sets of figures. Thus, in June, 1931, the yield of the western bonds was about .20 per cent higher than that of the Ontario issue; in June, 1932, it was higher by 1.15 per cent; in October, 1932 by 1.22 per cent, and in March, 1933 by 1.68 per cent. The following relative numbers, based upon the Ontario yield, show the spread more clearly:

	Ontario	Western Provinces
June, 1931	100	105
January, 1932	100	115
October, 1932	100	122
March, 1933	100	138

This progressive weaking of the bonds of the western provinces indicates the seriousness of their fiscal position.

Heavy Taxation

By their last two budgets the provincial treasurers have levied additional taxation and have made cuts in expenditure. All the western provinces have income taxes with low exemptions, all impose succession duties, corporation taxes, amusement taxes, automobile taxes, gasoline taxes of six to seven cents per gallon, and a miscellany of other levies. Probably the limit of taxation, short of an emergency effort, has been nearly reached; probably more drastic economies in expenditure cannot be made at present without arousing a further and more serious popular agitation for reduction of interest rates on governmental debts. With the recovery of prosperity revenues will rise; but unless this is accompanied by a considerable increase in the general levels of prices, the situation will continue to be difficult.

The most significant conclusion which emerges from this account is both obvious and trite. It is that a government ought not to load up with a heavy debt in prosperous times. If it does, then that debt becomes a positive menace in depression. On the other hand, a government which borrows with moderation in good times and which has, therefore, a strong credit when hard times ensue, can do its citizens the double service of assisting them by expenditure in relief of unemployment and by lightening—or at least not increasing—the burden of taxation.

N. B. Lumber Industry Active

During 1933 110,000,000 feet of lumber had been shipped from New Brunswick to Great Britain and 25,000,000 feet to the United States. The present season's cut will likely be three times as large—or, about 350,000,000 feet. Some 15,000 men are employed in this work.

Canadian Wheat Leads

Imports of wheat into the United Kingdom during November show Canada at the head of the list with 7,067,024 bushels contributed out of a total of 18,832,509 bushels. Australia came second with 4,195,434 bushels; Russia third with 3,004,193 bushels and Argentine fourth with 1,317,054 bushels—several other countries contributing the remaining 3,248,804 bushels.

Sixteen years, from six to twenty-two, sees the average child through its school and University but hardly sees him even then into the professions or well started in business. Say twenty years... which means the long term view, when making arrangements for the future.

The value to you, of this Corporation as trustee under your Will, is that you can depend on it twenty, thirty, forty years hence. .... Conditions will have changed; its directors and officers will have changed; but its principles of management will be the same. Why not consult our Estates Analysis Department about any trusts you have in mind. You will place yourself under no obligation.

The TORONTO GENERAL TRUSTS CORPORATION

ASSETS UNDER ADMINISTRATION OVER $200,000,000

Hon. N. W. Rowell, K.C., LL.D., President
W. G. Watson, General Manager

TORONTO MONTREAL OTTAWA WINDSOR WINNIPEG REGINA SASKATOON CALGARY VANCOUVER

The Royal Bank of Canada Presents Strong Statement

65th Annual Meeting of Shareholders

LIQUID ASSETS 362 MILLION DOLLARS

President Sees Distinct Improvement in Canadian Business

"WE ARE NOW DEFINITELY ON THE UPGRADE"

Sir Herbert S. Holt Traces Road to Recovery—Presents Views on Public Debt and Railroad Problems—Ottawa Agreements—Canadian Business Conditions—Situation in the United States

Mr. M. W. Wilson Reviews Satisfactory Year's Operations—Increase in Canadian Deposits—Discusses Central Bank

The sixty-fifth Annual General Meeting of the Shareholders was held at the Head Office in Montreal on Thursday, January 11th, at eleven o'clock A.M., Sir Herbert S. Holt in the chair.

Mr. S. G. Dobson acted as Secretary of the Meeting and Messrs. the Hon. Gordon W. Scott and A. A. Aitken as Scrutineers.

The Directors Report was read by the Secretary.

PRESIDENT'S ADDRESS

SIR HERBERT S. HOLT, Chairman, in moving the adoption of the Directors' Report, said:

The 64th Annual Report and Balance Sheet submitted to you today disclose the strong position of the bank. While Balance Sheet figures are somewhat smaller than those of a year ago, this reflects a falling off in international deposits rather than contraction of Canadian business. In fact, a notable feature is an increase in Canadian Demand and Savings deposits during the year. The liquid position is eminently satisfactory. As you would expect, the restricted demand for commercial loans, and the resultant increase in our holdings of less remunerative assets in the form of Dominion and Provincial Government securities, has combined with other factors to reduce profits. In April last, the dividend was reduced from 10 per cent to 8 per cent, and the last three quarterly dividends have been paid at that rate. The improvement which has taken place in business during the last six months, has already had a beneficial effect on earnings.

It has always been our practice to maintain inner reserves, in addition to those shown on our Balance Sheet, at a figure affording adequate protection against unforeseen contingencies. In common with other banks, we found that the loss ratio was higher than normal during the last few years of disturbed economic conditions, and a portion of such reserves was therefore used for the purpose for which they were provided. After careful consideration, your Directors decided to reimburse the inner reserves, and to provide for future contingencies by transferring $15,000,000 from the published Reserve Fund. I feel that you will regard this action as a prudent and constructive move. Adjustments of a similar character have been made in recent years by leading banks in England and other countries. Our assets, as usual, have been carefully appraised and proper allowance made for contingencies, particularly in the case of certain industries which have not yet shared in the business revival. The General Manager will deal with the financial statements in detail.

PROGRESS IN CANADA

I am glad to say that since we last met, there has been a distinct improvement in Canadian business. I have had the opportunity of seeing this country recover from depressions on various occasions during the last fifty years, and the present movement appears to be taking place along the accustomed lines. As soon as world trade commences to revive, there is an improved demand for Canadian raw materials. Canadian exports increase substantially, surplus inventories disappear and greater activity in the principal exporting industries provides additional employment, with a consequent improvement in purchasing power and domestic trade. This has been the sequence of events in Canada during the last six months. Unfortunately, the grain-growing industry has not yet shared in the improvement in any important degree. We can only hope that its recovery will not be too long deferred, and in the meantime, everything possible should be done to lessen our dependence on wheat and to diversify production in Western Canada. Something has been accomplished along these lines during the last ten years. The necessity for further progress constitutes a challenge to our energy and initiative.

GOVERNMENT EXPENDITURES

Canada's ability to profit from world recovery at an early stage is based on the excellent character of our natural resources and the economy and efficiency of our export industries. The country's position will be weakened fundamentally if we allow our costs to get out of line. Taxation is a growing item in the cost of production, and I cannot emphasize too strongly the vital importance of reducing this burden. The cost of maintaining our too numerous governments, Federal Provincial and Municipal, is rapidly becoming unbearable. The gross debts of these governments, including bonds guaranteed by the Dominion Government, increased from $4,188,000,000 in 1920 to $6,055,000,000 in 1931, with the Provinces and Municipalities responsible for the major portion of the increase. Governments are only too prone to classify all their expenditures as essential, refusing to recognize that there are many desirable things which we cannot afford. If our industries and people are overburdened with taxation, we will not be able to hold our competitive position and at the same time maintain our standard of living. I am quite aware that in the past there has been a tendency to regard warnings of this kind as somewhat exaggerated or overdone, but unless a halt is called, the seriousness of the situation will very soon be brought home to every individual. Greater activity in business will reduce unemployment, produce increased revenues and a reduction in disbursements for public relief. Advantage must be taken of these developments to reduce debts, rather than increase expenditures.

THE RAILWAY SITUATION

Once again I draw your attention to the railway situation in Canada. What I said last year is emphasized by the fact that the net income deficit of the National Railways for 1932 was over $90,000,000, of which some $61,000,000 represents actual operating losses and payment of interest on securities in the hands of the public. The balance consists of interest due to the Government for monies advanced. Obviously, this drain upon the resources of the country cannot be permitted to continue. The annual deficit exceeds greatly the total amount of income tax collected by the Federal Government. The time for half measures has passed—bold and courageous action is required. From the beginning of 1923 to the end of 1932 the aggregate income deficit amounted to $565,756,072. I think few Canadians realize that the debt of the Government railways at the end of 1932 amounted to the huge sum of $2,754,340,828, and that during the year 1932 the Canadian National Railways were $4,041,640 short of earning anything whatever toward interest on this enormous debt.

At our last Annual Meeting I ventured to state that enforced co-operation between the two railway systems would not prove drastic enough to cut down in any adequate degree the annual deficit of the Government Railways. The experience of a year of co-operation between the Government owned and the privately owned railways has not tended to disprove that statement, and I am still of the opinion that the maximum of economy can only be obtained by some form of administrative amalgamation. There is no reason why immense savings cannot be realized through such an arrangement, given an efficient and experienced management, free from all political influence. By doing so, unnecessary duplication can be eliminated and large economies accomplished without in any way affecting the quality of service. The actions which have been taken to stop wasteful railroad competition in England, and which are contemplated in the United States, afford examples which we cannot disregard.

BENEFITS FROM OTTAWA CONFERENCE

The marked expansion of our exports in recent months calls attention to the benefits which we are now deriving from the Ottawa Conference. While exports to foreign countries declined $18,000,000 during the twelve months which ended November 30th last, our exports to other countries of the Empire increased $26,000,000. Great Britain was responsible for $22,000,000 of this improvement. Lumber affords a notable example of greatly increased sales, and the same may be said of copper, nickel and other base metals, and of bacon and hams, to name only a few commodities. Even with the increase in our shipments of pork products, Canada has taken advantage of only one-quarter of the quota allowed by the Agreement. The Canadian farmer should seize this opportunity to diversify production. While the premium on the pound sterling in Canada, and the general improvement in conditions, have helped to increase the volume of our trade with Empire countries, the way was opened by the Ottawa Agreements. Coming at a time when the general tendency was toward economic isolation, their liberalizing influence was of great importance. They constitute economic statesmanship of a high order.

Other features of the business year in Canada have also been most encouraging. Our production of gold, while showing a slight decrease in volume, has increased some $13,000,000 in value because of the high premium on gold in terms of Canadian funds. This great industry has done yeoman service for the country during the years of depression, contributing a tremendous sum in wages, purchase of materials, taxes and dividends. If the present high premium on gold is maintained, and production in 1924 equals that of last year, the revenue to the mines should exceed $100,000,000.

Throughout the Dominion, manufacturing operations have expanded moderately during the year. Many of the textile plants have been operating at or near capacity, and the boot and shoe industry has been more active than for some years. The demand for food stuffs has been well maintained and retail trade in other lines increased in a remarkably satisfactory manner toward the close of the year. In contrast to the active demand for consumers' goods, the operations of those lines of manufacturing concerned with construction of plant or machinery, or with building in any other form, have been severely curtailed. The resumption of more normal expenditures for maintenance and development is required before such industries can prosper.

There has been greater activity in the manufacture of pulp and paper. While the price of newsprint is lower than a year ago, the market situation shows signs of greater stability. It has been strengthened by a material advance in the price of pulp, which enables operations in that division of the industry to be conducted on a profitable basis. While Canada still suffers from the problem of surplus capacity in the newsprint field, an increase in consumption makes the outlook somewhat more reassuring than it was a year ago.

Agriculture had to contend with hot, dry weather which prevailed with varying severity from coast to coast. In Western Canada, the force of the drought was particularly severe and, despite the large acreage sown to wheat, returns were disappointingly small. All crops suffered and complete failures were reported in many districts. Conditions in Quebec and the Maritime Provinces were not so severe. Potatoes yielded a good crop, substantially larger than that of 1932. The total value of all field crops has been maintained by better prices and despite greatly decreased yields is officially placed at $428,000,000 against $445,000,000 in 1932.

NEWFOUNDLAND

A most interesting development of the year was the decision reached by Newfoundland to place herself under the administration of a Governor and Commission responsible to the Government of the United Kingdom, and the latter's offer to pay Newfoundland's current debts in full and guarantee her bonds on a certain basis of conversion. The terms offered to bondholders are eminently fair. Great Britain has displayed courage and initiative, as well as a keen regard for British credit. It is no small thing to accept ultimate responsibility for a debt of approximately $100,000,000, although one must hope that the reduction in interest charges, and some improvement in business, will enable Newfoundland eventually to shoulder her own burdens. All Canadians, I am sure, will join in wishing the Oldest Colony a liberal measure of prosperity under the new régime.

CONDITIONS IN OTHER COUNTRIES

On the whole, it would seem that the low point in the depression for most of the world was reached in the latter part of 1932. Since that time, there has been a general increase in international trade. The recovery in Great Britain has been particularly satisfactory. It was notably assisted by the measures which they instituted to protect their industries and agriculture, reduce the cost of government and ensure a balanced budget. Successful conversion operations were effected, thereby reducing interest charges. At the present moment, Great Britain is one of the few countries which can claim a real budget surplus, and can entertain hopes of reduced taxation. This has encouraged confidence and provided a great stimulus to trade and enterprise.

While business in the United States also commenced to improve about the middle of 1932, it later suffered a relapse due to their banking difficulties and the hesitation and uncertainty which precede a change of administration. Since last March, quite material progress has been made. They have initiated a number of far-reaching experiments, some of which involve very drastic changes in business methods. Morever, the indications are that new ideas will be introduced and existing ones modified as they proceed. In these circumstances, it is difficult to analyze the effects of their policies and impossible to prophesy the outcome. Their central idea, that an increase in the price level must be obtained, is sound common sense, and is now quite generally accepted as such throughout the world. At our Annual Meetings of the last three years, we have emphasized and re-emphasized the necessity for a higher price level. I see no reason why it cannot be achieved in due course.

CURRENCY STABILIZATION DESIRABLE

In the monetary field, the uncertain position of the United States dollar is causing apprehension. No one wishes to take long-term commitments if they distrust the currency in which these commitments must be expressed. This hampers business recovery and has an adverse effect on the market for Government and other high grade securities. Stabilization is highly desirable. I question whether any country now on a gold or sterling basis would be willing at the present time to enter into a definite agreement to tie its currency to the dollar at current rates of exchange. However, it is possible for the United States to stabilize the dollar in relation to gold and keep it at that figure by appropriate action in the exchange market. If this action failed to inspire confidence, the alternative would appear to be the resumption of gold payments on a new basis of valuation. Confidence is essential to a lasting recovery. Once obtained, it would have a remarkably stimulating effect on business activity in the United States.

The business situation in Canada is strongly influenced by conditions in the United States, and we must hope for our own sakes, as well as theirs, that they will be successful in restoring prosperity.

DEFINITE TURN FOR BETTER

Modern economic history offers no parallel to the violence of the depression in the past four years, but it would now seem that there are unmistakable signs of recovery in many parts of the world. Canada has had her share of troubles, but has met them with equanimity and fortitude. Criticism is easy, but facts seem to justify the opinion that we have come through the débacle better than most countries and that our future prospects are second to none. Violent actions produce violent reactions. Economic history indicates that the interval required for recovery after every past depression has been distinctly shorter than the period of decline. If this has been true in the past, it is more likely to be true in the present instance, since the forces which make for natural recovery have been greatly strengthened throughout the world by monetary measures designed to restore a higher price level.

At our last Annual Meeting, I expressed the feeling that indications pointed to the initiation of a substantial recovery in 1933. This year it is possible to go one step farther, and to venture the opinion that we are now definitely on the upgrade. If we deal intelligently with the main problems that confront us, we can expect, within measurable time, a return of general prosperity.

GENERAL MANAGER'S ADDRESS

MR. M. W. WILSON, Vice-President and General Manager, then referred to the Annual Statement as follows:

The Sixty-fourth Annual Report and Balance Sheet before you today reflect satisfactory operations during the past year. As might be expected, balance sheet totals are lower, but deposits have been well maintained. The liquid position is higher, and notwithstanding further contraction in commercial advances, earnings amply covered dividend and usual requirements, leaving a comfortable margin to be carried forward.

Total Assets are $729,260,476 compared with $765,512,920 a year ago. Aggregate deposits at $600,448,360 are down $18,645,783. Dominion Government balances with banks were materially lower on November 30th than the previous year, the reduction in our case accounting almost entirely for the reduction in our total deposits. A further interesting fact, not disclosed by the statements before you, is that in Canada current deposits increased about $17,000,000 during the year, and Savings deposits are higher by $2,000,000. This is a gratifying showing, particularly as our depositors, through the facilities that our large number of branches afforded, took their full share of Government financing during the period under review.

The slight increases in Note Circulation and Letters of Credit reflect higher business activity at home and in international trade, respectively.

Liquid Assets total $362,471,645, and are equal to 55.76 per cent of public liabilities, compared with 52.86 per cent the previous year. A notable feature is that 24.26 per cent of such liabilities is represented by Cash and Cash Balances, which aggregate $157,699,215. Dominion and Provincial Government Bonds increased from $89,448,844 to $106,850,615. Other securities in the aggregate show little change. Call Loans, Canadian and foreign, declined by $3,598,571. Commercial loans and discounts were reduced by $44,442,894. Such contraction in borrowing requirements of our customers would ordinarily indicate decreased business activity, but I am glad to say that in a number of cases materially increased sales and consequent depletion of inventories were the causes contributing to the reduction.

As stated last year, our building programme is completed, consequently Bank Premises Account is lower by almost the total amount of $200,000 written off from the year's profits. In addition, our Realty Corporations, whose statements were submitted to you today, reduced their bond indebtedness by the customary $500,000. This payment, as usual, is treated as an operating expense of the Bank, which means that the total write-off on premises account this year has been $700,000. The entire capital stock of the Realty Corporations, which represents a very substantial equity, is owned by the Bank, and is carried on our books at $2.

Earnings have naturally been affected by the lower volume of commercial loans and reduced business activity in the first half of the year. Total profits were $3,901,649. Added to $1,166,955 brought forward there was $5,068,604 available for distribution. Dividends absorbed $2,975,000; $200,000 was contributed to Officers' Pension Fund; $200,000 written off Bank Premises and $310,000 allocated for Dominion Government taxes, leaving $1,383,604 to be carried forward in Profit and Loss Account.

The President, in his address, discussed business conditions generally, and the report of the proceedings of this meeting, when mailed to shareholders, will include the usual detailed review of conditions in Canada and abroad. I shall content myself with stating that in spite of disturbed political conditions at certain points, our business in the foreign countries where we maintain branches pursued an uneventful but satisfactory course throughout the year. Improvement in commodity prices and gradual enlargement of world trade is everywhere having a beneficial effect. From present indications I would expect increasingly satisfactory results for this department of our business during 1934.

CENTRAL BANK

The proposal that a central bank should be established in Canada is now very much in the public eye. At our last Annual Meeting I expressed the hope that the Government would see fit to have the project examined by a body of experts, including several from older countries experienced in the practical working of a central bank. The Royal Commission on Banking and Currency which was constituted last summer could not have been better chosen. Under the Chairmanship of Lord Macmillan, their sittings in all parts of the country were notable for the freedom with which all possible evidence was received, and for the patience and tact displayed in dealing with the material submitted.

While I do not agree with the Report in its entirety, I believe that a properly constituted central bank can be developed as a useful adjunct to our banking system. I should have preferred to see it come into being at a time when general economic conditions were nearer normal than they are at present. However, if a central bank is to be established forthwith, it is our duty and intention to co-operate in every way possible to make it efficient and useful. The feature of paramount importance will be the quality of its management. It must be strong enough to resist political domination at home and undue influence of other central banks abroad. Under proper guidance, a central bank can render valuable service, but can do great harm if it lacks the skill and wisdom necessary for the conduct of its operations. If this viewpoint is firmly established and serves to guide the choice of management, I am confident that neither the banks nor the public need fear this new development.

NOTE ISSUES

The recommendations in the Report with respect to the gradual withdrawal of the note-issuing privileges of the chartered banks do not appear to me to be in the public interest. Retention of these privileges would not hamper the central bank in its efforts to control credit. This can be readily demonstrated. Bank notes do not form part of the cash reserves on which the credit structure rests, and a central bank exercises its powers through increasing or diminishing the amount of these cash reserves.

Professor T. E. Gregory, of London University, who has had wide international experience on matters of central banking, stated before the Commission that in his judgment nothing of importance to the Central Bank's control of credit policies would be lost if the banks retained their circulation privileges. I quote him rather than the Canadian economists who gave similar evidence since his opinion cannot have been influenced by the traditions which have surrounded the question in this country. "The Economist," well-known London financial journal, had the following to say in this connection in an editorial referring specifically to the work of the Commission:

> "The Central Bank would not be in the least weakened by allowing the chartered banks to retain their present issues under the present restrictions."

I think, therefore, that we should view the elimination of bank note issues, not as a step which must inevitably accompany the creation of a central bank, but as a separate matter entirely. The real question is whether the Government desire to have banking service maintained at many small points throughout the country, or to appropriate the revenue on note issues for themselves. I believe that the gain to the Government would not offset the loss to the public through curtailment of banking facilities. Unquestionably there are many places which could no longer support a branch bank if note issuing privileges were to be withdrawn. The operation of a number of small branches at a bare margin of profit is characteristic of banking in this country. We have a system which, in many of its aspects, is native to the Dominion, and prudence should prompt us to be very cautious in advocating fundamental changes.

At this point I might quote the following from the Report of the Royal Commission:

> ". . . In so far as the ordinary functions of banking are concerned, the Canadian banks give admirable evidence of security, efficiency and convenience. In a time of universal economic difficulty the Canadian banks have stood firm and have continued to render to the people of the Dominion the same high quality and the same wide variety of services as in the past."

The chartered banks could adjust themselves to the gradual loss of the note issuing privilege over a period of years, but unquestionably it would necessitate the withdrawal of banking facilities from many of the smaller communities in Canada. This would be a high price to pay for a central bank.

RURAL CREDITS

The Royal Commission on Banking and Currency recommended that the Dominion Government, preferably with the co-operation of the Provincial Governments, should forthwith institute a special investigation into the whole problem of the provision of short and intermediate rural credits, with a view to the preparation of an adequate and comprehensive scheme for submission to Parliament. I hope that their recommendation will be adopted, and that a commission of enquiry will be appointed to find out exactly what is required, and to what extent solvent borrowers are in distress through inability to obtain loans or renewals. I am not suggesting that we should set up an organization to make unsafe loans at the cost of the taxpayer, but undoubtedly there are cases where farmers are possessed of assets which do not constitute banking security, but which would afford protection for monies advanced by another class of institution.

At our last Annual Meeting I ventured to suggest that the prospect of further improvement in the coming year was very much more hopeful than it was the previous year. That prediction has been borne out by subsequent developments. For the first time in years an attitude of quiet but confident optimism is in evidence almost everywhere. Many problems still have to be solved, but I have full confidence in the ability of Canada to share in the continued improvement in economic conditions which I believe lies ahead of us.

VOTES OF THANKS

A vote of thanks was passed to the President, Vice-Presidents and Directors to which Sir Herbert S. Holt replied.

In replying to the vote of thanks passed to the General Manager and Staff, Mr. M. W. Wilson said:

"I thank you on my own behalf as well as on behalf of my associates at Head Office and the staff generally for your kind vote. The financial statements placed before you today would not have been possible without the loyal and effective co-operation of all members of the staff. Your generous recognition of this will serve as an incentive to still better things in the days to come. I can only say that the manner in which the men and women of our staff have responded to the unusual demands made upon them during the past few years has been nothing less than splendid. They are proud of their connection with the bank,—I am more than proud of them."

AUDITORS

Mr. J. G. Ross, C.A., and Mr. W. Garth Thomson, C.A. were appointed Auditors for the ensuing year.

BOARD OF DIRECTORS

The following were elected Directors for the ensuing year: Sir Herbert S. Holt, K.B., Hon. A. J. Brown, K.C., M. W. Wilson, W. J. Sheppard, C. S. Wilcox, A. E. Dyment, G. H. Duggan, John T. Ross, W. H. McWilliams, Capt. Wm. Robinson, A. McTavish Campbell, Robert Adair, Hon. Wm. A. Black, M.P., C. B. McNaught, G. MacGregor Mitchell, R. T. Riley, Stephen Haas, W. H. Malkin, Julian C. Smith, W. J. Blake Wilson, G. Harrison Smith, W. F. Angus, Paul F. Sise, James McG. Stewart, K.C., and J. S. Norris.

At a subsequent Meeting of the Board of Directors Sir Herbert S. Holt was re-elected President and the Hon. A. J. Brown, K.C. and M. W. Wilson, Vice-Presidents for the ensuing year.

The Standing Committee of the Board was appointed, consisting of Sir Herbert S. Holt, Hon. A. J. Brown, K.C., M. W. Wilson, G. H. Duggan and Julian C. Smith.

GARFIELD WESTON NOW MAKES BISCUITS FOR THREE NATIONS

(Continued from page 4)

should draw in its horns rather than expand until the depression is over finally, completely and without any doubt.

The advice was good and the advisers earnest, but there was one thing they overlooked which Garfield Weston did not overlook. His expansion began when others in the industry stopped expanding because they suddenly realized the industry was already dangerously over-expanded. In 1928 his company was still a comparatively small company doing well. His expansion since then has been almost entirely by looking for and seizing the opportunities created by bad times.

Bad times struck the biscuit industry before other industries because of over-production. Weston has been able progressively to pick up various plants on a bankruptcy basis at a small fraction of their original cost in many cases. He has taken over good plants making good products but owned by companies financially embarrassed and, because many of his subsidiaries have been taken over at "distress" prices he is probably operating with a much smaller overhead than any of his principal competitors.

Crash Was Opportunity

The crash, which is a disaster to most people affected by it, appeared in the light of an opportunity to Garfield Weston. After a year or more of intensive study of its various aspects, he began to argue strongly and impressively with fellow executives and associates that there never had been and never would be as great an opportunity to buy into other promising businesses. He believed that never again in this generation would there be opportunities as great to buy up excellent plants at liquidation prices. He believed that fear and discouragement had brought prices far below reasonable levels. It looked like a good time to make good his old dream of doing business in Great Britain.

First International Company

The venture into England, besides being profitable, is intended to have a by-product of great value to the enterprises in Canada and United States by making available English experience for the factories in these two countries. The fact that England has been the home of biscuit making for many centuries is not overlooked. Most of the ideas to develop better quality biscuits have originated in the old land.

Strangely enough—advisers will be confounded to learn—the firm began to make profits almost from the first month, and that because of the immediate application of an imported Canadian idea, a manufacturing policy that immediately made more profitable a business with good products and goodwill. He went right to the heart of the company's problem by eliminating 100 out of 150 products, keeping the 50 most popular and best selling products and determining to concentrate on them. Almost immediately costs went down and sales went up. Every month has shown an advance.

Another operating advantage is being sought by moving from Aberdeen to Edinburgh, where the most modern, though not the largest, biscuit plant in the United Kingdom is being erected.

Strong Faith in Future

Garfield Weston is an intensive worker. He is intensely interested in all that is happening around him; he watches the trends of industry, government and finance, and pounces like a hawk on the essential element of any report or situation.

One prominent financial man, who was asked what he considered to be the essential quality of Garfield Weston, referred to this almost instant ability to separate the salient from the non-essential and his ability to work intensively but added: "I believe that his strongest and most effective quality is his supreme faith in his ideas and the processes by which he has arrived at them, in his company and its prospects and in the success which will attend projects which are well conceived and honestly executed at the right time."

Contagious Enthusiasm

There is real perspicacity in this reading. Whether Garfield Weston has been trying to buy a company for cash or by the exchange of stock, employing an executive to take an important part in operations, or trying to get capital, his faith in the future of his company has been contagious. He has not wanted an employee who did not believe as enthusiastically in future prospects of the company as he himself.

George Weston, Ltd., was only formed in 1910 and had not the background in the biscuit business that many of the older companies had. The new president, seeing visions and not being daunted by size, saw in the disturbed conditions of the industry and these various changes, a distinct opportunity. He saw that one highly-experienced executive after another was being made available as each old company passed and out of that situation he was able to draw to George Weston a number of men of outstanding experience in manufacturing and marketing. The need of this he felt even more after the sudden death of his father.

Sales Grow Seven Fold

Eight or nine years ago the combined sales of the Weston group of companies were less than $1,000,000. In 1933 they exceeded $7,500,000. A great deal of this advance can only be attributed to the vigor with which the ideas of expansion have been carried out.

In Canada, the United States and Great Britain, George Weston Ltd., has managed to interest strong men. In nearly every case they have invested in Weston enterprises by taking the stock of the holding company in Canada. Latest recruits are the best-known and most-successful stock market operators in the United States since 1929—Ben Smith and Thomas Bragg of New York City. They have been impressed by the position of the company, have bought considerable blocks of stock and are ready to take the rest of the treasury stock if offered. It is still a Canadian enterprise, however, and Garfield Weston in all probability intends it shall remain so.

Entering 1934

To conclude, George Weston, Ltd., comes into 1934 with an established business in the three biggest English-speaking countries of the world. Its expansion expense has been at depression levels. The policy has drawn strong financial support not only in Toronto and in New York but in England, but it is going to continue as much as possible a Canadian organization with Canadian men and enthusiasm putting it over. It is the first international biscuit company in the world to be interested in these three countries. The organization has come through four of the worst business years likely to be experienced in this generation. And finally Garfield Weston is most ably seconded by E. W. St. Lawrence, vice-president and general manager, who knows biscuit and candy markets from Atlantic to Pacific by actual first-hand acquaintance, C. W. Kerr, K.C., secretary and counsel, whose legal experience has been at hand for consultation at every stage of the many coups planned and executed, and R. A. Robertson, treasurer, capable, canny and ready for any job. He has been the man on the spot, for example, a large part of the time in completing all the details for the British purchase and the switch of the business from Aberdeen to Edinburgh.

Romance and Miracle

This story must end where it began with the price of $50 a share for George Weston stock. That discounts earnings at the rate of $5 a share by or in 1935. It also means that Garfield Weston has a following who say in effect: "Garfield Weston, a man who has so much behind him at 35 years of age, is the kind of executive who must go on seeing and seizing opportunities for 20 years at least. Our money says a lot of these future coups will be successful and that they will work to the advantage of Weston shareholders."

Whatever one believes, the fact is indubitable that Garfield Weston is now an international industrialist and financier with a record which reads like a romance and miracle in one.

Vancouver Stock Ex. Quintupled in 1933

From Our Own Correspondent

VANCOUVER.—Indicating the revival in stock trading in Vancouver last year as compared with 1932, reports were presented at the annual meeting of the Vancouver Stock Exchange showing that approximately 16,000,000 shares were sold in 1932 at a value of about $2,400,000, while in 1933 more than 88,000,000 shares valued at more than $28,080,000 were traded.

A. E. Jukes, of A. E. Jukes & Company, was re-elected president of the exchange. There was no change in the personnel of the officers and executive committee: H. M. Smith, of R. Gelletly & Co. Ltd., is vice-president, with F. E. Hall, Hall Holland & Co. Ltd., and John McGraw, Continental Securities Corporation, as honorary treasurer and honorary secretary respectively.

Sir S. H. F. Lennard, Lennard Poisson & Waghorn; S. W. Miller, Miller Court & Co.; C. M. Oliver, C. M. Oliver & Co. Ltd.; A. N. Wolverton, Wolverton & Co. Ltd., and H. H. Peters, H. H. Peters & Co., are members of the committee.

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If you send $5 at once for the next 26 issues of THE FINANCIAL WORLD, you will receive without extra cost a copy of the book "Profitable Investment Simplified." In addition, you will also receive the following additional investment aids: Personal advice on any ten of your securities; next three issues of our monthly manual entitled "Independent Appraisals of (1,300) Listed Stocks"; "10 Promising Stocks for 1934"; each analyzed, "A Notable Stock Value"; "Scuttling 10,000,000 Utility Investors"; "How To Protect Your Capital Against Dollar Devaluation" and "300 Companies And Their Financial Connections." Return this "ad" and $5 today for the above genuine bargain.

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LIVING down by the sea, we've come to know its tricks — how it affects our guests. Some it fills with a sense of profound and peaceful repose, while in others it inspires a tremendous zeal for sport and gaiety.

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Investment Bankers Ask Companies Acts Reforms At Premiers' Conference

Col. Geo. A. Drew to Present Case For Reforms Drawn by Experts

TO GUARD INVESTOR

Well Known Accountant, Lawyers and Financial Men Favor English Act

After several meetings with Lt. Col. Geo. A. Drew, Ontario Securities Commissioner, the Investment Bankers' Association of Canada's Ontario section has given him a memorandum of proposed reforms of Canadian companies acts to be suggested to the ten Canadian premiers conferring at Ottawa. The recommendations for reform include disclosure of pertinent information in prospectuses, greater responsibility of officers and directors of companies, improved accounting methods, issue of annual statements, and other changes for which investors and students of the subject have been clamoring.

E. G. Long, K.C., and A. J. Thomson, K.C., Toronto barristers, and Col. H. D. L. Gordon of a well-known firm of accountants gave their services gratis in drawing up the memorandum of proposed reform it is understood. R. A. Daly, chairman, R. A. Daly & Co.; W. S. Hodgens, Dominion Securities Corp.; and A. D. Cobban, Wood, Gundy & Co. were the I.B.A. members of the investigating committee. The resulting memorandum, which it is understood Col. Drew will try to persuade the premiers to implement by legislation, is therefore the work of legal, accounting and financial authorities.

Uniformity in Essentials

The recommendations omit specific mention of desirability of enactment of uniform companies acts throughout the Dominion. However, it is stated that 1928 and 1929 amendments to the English Companies Act of 1908 "should be introduced into the Dominion and provincial acts." Also it is stated that "If proper legislation were enacted by all the provinces, it might be desirable for the Dominion Parliament to repeal the provisions of the Dominion Act dealing with prospectuses....leaving this subject to be dealt with by provincial legislation." Thus, uniformity, in the important protective provisions to investors is requested, if only by inference. Col. Drew is known to be a champion of uniformity, at least in essentials, and it is therefore expected that he will advocate it to whatever extent is considered necessary to implement to the I.B.A. recommendations.

Among the proposals as to balance sheets, it is suggested that investments and inventories be valued on certain bases, and the specific manner of valuation described. And in the case of inventories, it is requested that a responsible official testify to the accuracy of valuation. So, also, with valuations of fixed assets and goodwill.

See Need for Information

The proposed changes in company law are not intended to prevent losses from investment, which authorities concede to be impossible, but to protect investors by giving more adequate information. In a letter to Col. Drew, R. W. Gouinlock, vice-president of the I.B.A., comments:

". . . it would be very difficult to enact legislation that would prevent difficulties of the type that have occurred, assuming that there may at some future date develop repetition of the general depressed and disturbed conditions which have prevailed for the past four years. There is no doubt, however, that certain steps may be taken for the greater protection of investors to ensure that they may obtain fuller knowledge of the securities which are being offered to them."

The memorandum to Col. Drew consists of two parts: (1) recommendations for Canada (2) sections of the British Companies Act of 1929 which it is suggested should be incorporated in Canadian companies acts.

Memorandum Summarized

The first part of the memorandum recommends that:

1. Full information as to the security offered should be so plainly stated in the offering circular that it would be apparent to all investors. This should include properly certified balance sheet specifically drawn up to show true position, a specified type of earnings statement and clear exposition of the rights of various classes of securities.

2. All companies should issue balance sheets to investors 10 days before annual meetings, and where a consolidated statement is issued, balance sheets and earnings statements of each of the consolidated companies should be made available.

3. Sections 98 and 110 of the Dominion Companies Act should be altered to provide that dividends shall not be paid out of surplus created by revaluation of assets. And the power to create surplus distributable as dividends on no par value shares should be limited to the time that such shares are issued. There should be no legal method whereby balance sheets may be so altered that capital surplus is transferred to earned surplus.

4. Existing legislation regarding compromises and arrangements could be improved, but is adequate in the circumstances; but the legal validity of the Companies Creditors Arrangements Act of 1933 should be established by concurrent legislation by the provinces. Draft legislation has been prepared and is available at the I.B.A. offices.

5. Present Ontario Companies Information Act, requiring registry of a prospectus with the province, and Securities Act, requiring registration of salesmen and giving some control over sales operations, should be replaced with legislation modelled after the English Companies Act, 1929.

Enumerate 11 Points

Eleven points are enumerated as worthy of careful consideration in remodelling Canadian acts along the lines of the English statute, as follows:

1. Statutory requirements regarding filing prospectuses should only apply to new issues of securities and not to sale of previously issued securities.

2. The prospectus to be filed should contain all the disclosures required in England under the Companies Act of 1928 and 1929.

3. The selling circular should contain all the information given in the filed prospectus, except that which would make it too long, such as names and addresses of incorporators, copy of company's charter, etc.

4. In advertisements of new issues nothing more should be required than a statement in prominent type that copies of selling circular are obtainable from issuing bond houses.

5. Requirements as to prospectuses should not apply to follow-up letters, post cards, telegrams, etc.

6. No useful purpose is served in filing statement in lieu of prospectus where no prospectus is filed or issued because securities are not publicly offered.

7. Prospectus should be filed in province where issue is made and in all provinces where the securities are sold, subject to the right of any province to require further information.

Provincial Administration

8. Enactment of proper legislation in all provinces might make it desirable for the Dominion to repeal provisions of the Dominion Act regarding prospectuses, leaving this subject to be dealt with by the provinces.

9. Filing of a prospectus should not be made a condition precedent to the issue or allotment by a company of its securities. But there should be a severe penalty against a company and its directors and officials for non-compliance with prospectus requirements.

10. Where a new prospectus is required it should only be necessary to set out the material changes in the earlier prospectus without repeating matter that is on file by reason of an earlier prospectus and which has not been altered.

11. In view of the great variety of corporation situations which must be described in the rigid form demanded in a statutory prospectus form, it is suggested that some latitude be given the department official in charge of filing to accept prospectuses that substantially comply with the requirements of the act.

The disclosures in the English Companies Act of 1929 referred to in the recommendations include, among other things, rigid provisions governing the manner in which a prospectus must be issued; personal interest of those engaged in formation of a company; shares held by officers and directors; amount from issue required by company and proportion of proceeds that company will receive; vendors' receipts from issue; amount paid for properties and to whom; availability of material contracts; interests of directors or officers in purchase of property by company; three years' auditors reports and past dividend history; qualifications, remuneration and interest of directors, and so on.

The proposals include provision for most of the reforms for which barristers, business men, investors and companies act reformers have been asking for several years.

Application is Refused Oil Freight Rate Boost

From Our Own Correspondent

REGINA, Sask. — Application of the Canadian Freight Association for increased rates on crude oil entering Canada from Oklahoma and Texas fields has been cancelled by the South-western Freight Bureau, St. Louis, Mo., according to information received by Hon. J. A. Merkley, minister of railways, labor and industry for Saskatchewan.

The increase asked by the Canadian association is 21 cents per hundred pounds where at least 65 per cent of the shipment is not subject to reshipment by rail at the Canadian end. The Saskatchewan government is opposed to any such increase, Mr. Merkley adds.

Backus Seeks Support Of M. & O. Bondholders

Bondholders of Minnesota and Ontario Paper Co. have been circularized by E. W. Backus, president of the company which is now in receivership. Mr. Backus attacks the management given the company by the receivers, C. T. Jaffray and R. H. Robinson and also the work of the bondholders' committee. He requests bondholders to withdraw their securities from the hands of the present committee and revoke the authority given the committee to act in behalf of bondholders.

The seven page letter contains specific charges of extravagance and mismanagement on the part of the receivers or the bondholders' committee. Accompanying the letter is a 48 page pamphlet setting forth the legal proceedings taken by Mr. Backus against the receivers. In September, 1933, the receivers filed suit against Mr. Backus and other parties for $7,235,778 plus interest, alleging fraud and bookkeeping manipulation to obtain money for various enterprises.

War on Waste

Manitoba has a legislature of 55 members. Indemnities and mileage cost $99,887 in the year ended April 30, 1933.

If the membership in the Manitoba legislature were reduced in proportion to population to the same as that of Ontario, the number of seats would be cut to 23. Elimination of 32 members, and their sessional indemnities of $1,800 a year, would save the province $57,600 a year.

There is no complaint that Ontario is undergoverned, as far as the provincial legislature is concerned. There need be no complaint on the part of the people of Manitoba that essential public services would be eliminated if the legislature were reduced in numbers. In fact, public business might be expedited.

By reducing the size of the legislature, Manitoba could cut this item of cost more than in half.

"All right MR. CHRYSLER, WE'LL LOOK AT YOUR 1934 PLYMOUTH SIX"—

"But don't think we're going to be easy to sell.

"WE'RE ONE of two million families, Mr. Chrysler. Just a young couple needing a new car . . . but without a lot of money to spend for one.

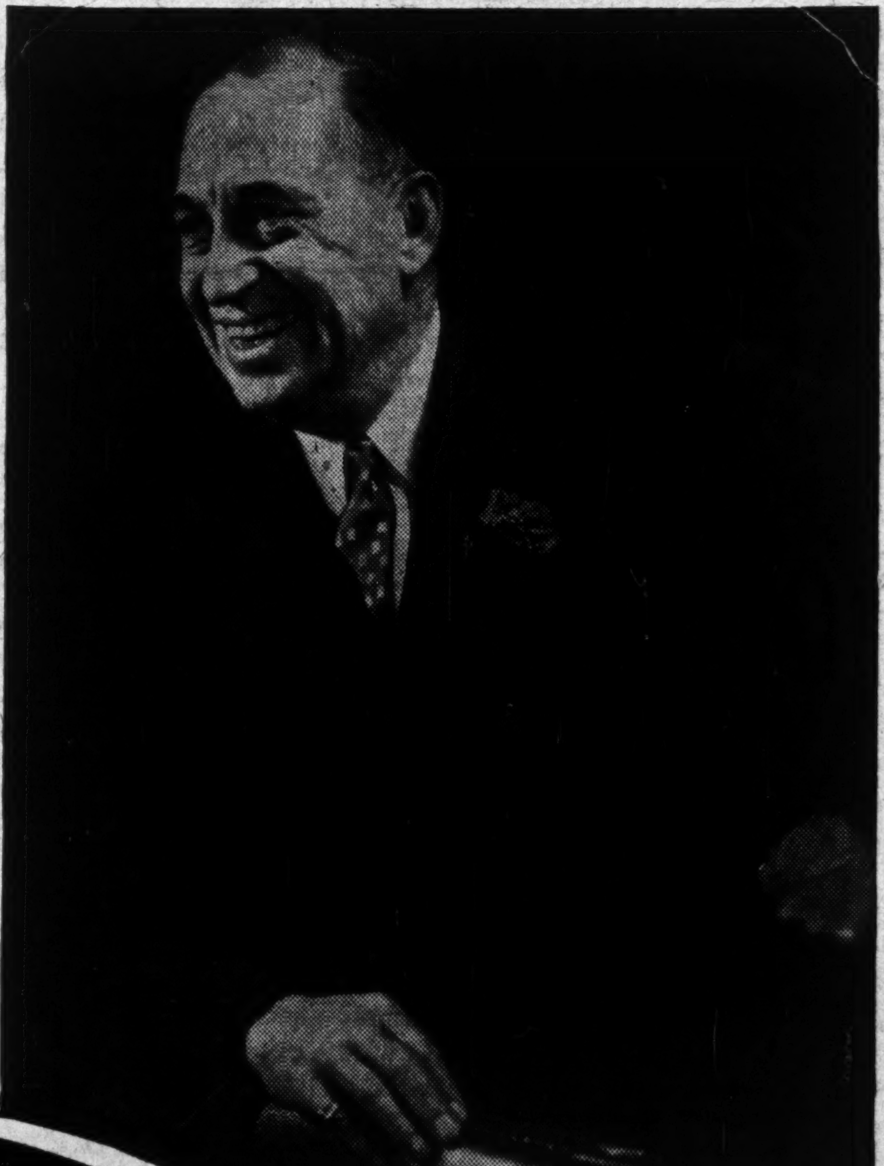
"We've watched Plymouth grow. We think it is 'going places'. We've ridden in it—and heard a lot about it from friends. That's why we're starting out today, to see what your 1934 car is like.

"We want a sturdy car . . . so we can keep it a long time. We want one that's economical, too; we can't afford a gas eater.

"We've got a couple of youngsters . . . so we want room. We want comfort, for them and for ourselves. And you can bet your bottom dollar, we want to feel *safe* while we're riding. That's one reason why Plymouth appeals so much to us.

"And let us make this point perfectly clear—we know you build good cars, but other people do too. We want our money's worth. We want economy, safety, performance and above all, value.

"So, Mr. Chrysler, we will look . . . and if you have got the goods, we'll buy."



WALTER P. CHRYSLER invites you to see the 1934 Plymouth Six at the Motor Show today.

"That's fine . . . and I know if you ride in a Plymouth, you'll buy it.

"YOU'RE QUITE RIGHT in what you say. I think people have stopped taking cars for granted or buying from habit.

"They're looking and riding . . . and that's why our Plymouth has been so successful.

"This year the ride is particularly important. Our engineers have eliminated the old front axle. They have given each front wheel its own individual spring.

"We have this individual front wheel springing on ALL Plymouths—even in the lowest-priced models.

"In addition, we have given you a 77-horsepower engine . . . which is 7 more horsepower than last year. The bodies are bigger . . . the whole car more beautiful.

"And right here I want to stress one point. Again in 1934 Plymouth will be the only lowest-priced car with patented Floating Power engine mountings, Safety-Steel Body of steel reinforced with steel, and Hydraulic Brakes.

"Naturally, I think this new Plymouth is a fine car. I think it's the best engineered car in the low-price field. But you be the judge. I hope everyone interested in a car will ride in a Plymouth before he buys."

WHAT DO Mr. and Mrs. Canada want in their next automobile? How are they going about buying a new car to see that they get their money's worth? Read what they have to say above—see how it compares with what *you* want—and then read Walter P. Chrysler's answer and his description of the New Plymouth Six.

CANADA'S biggest low-priced car . . . the De Luxe Plymouth Six. One hundred and fourteen-inch wheelbase, 16-inch wheels and Air-wheel tires as standard equipment. Seventy-seven horsepower engine, Floating Power, safety-steel body, hydraulic brakes and free wheeling. Regularly equipped with perfected all-weather ventilation.

DE LUXE PLYMOUTH SIX 4-DOOR SEDAN

PERFECTED VENTILATION—on all De Luxe models—the window drops and the windshield opens. Comfort in all weathers.

PLYMOUTH'S Individual Front Wheel Springing is simple, rugged and reliable. It ends bumpy rides, does away with shimmy.

SEE IT TODAY AT THE MOTOR SHOW

NEW PLYMOUTH SIX

NEW 1934 PLYMOUTH SIX

IT'S THE BEST ENGINEERED CAR IN THE LOW-PRICE FIELD

Bank Chat on Current Topics

The Commonwealth Bank

AUSTRALIA'S Commonwealth Bank was termed the most peculiar central bank in the world and one of the most successful by Professor D. B. Copland, Dean or Commerce at the University of Melbourne, during a recent visit to Toronto. Strangely enough this bank was established back in 1911 as a result of the agitation of a Canadian who had become a labor leader in Australia, King O'Mara. Its original policies were largely determined by another labor leader, Andrew Fisher, a canny Scotsman who, as leader of the Labor party was then premier. At first the bank was not a central bank but a commercial bank with power to establish savings banks.

At its inception the Commonwealth Bank was given sole right of note issue but Professor Copland was unable to say just how this affected the earnings of the commercial banks although he pointed out that it has not affected their business. Originally the capital of the bank was advanced from the federal treasury and the bank now has no capital other than that built up as a result of its banking business. In 1924 with the amendment of the Commonwealth Bank Act the bank was empowered to issue £20,000,000 of debentures but no issue has ever been made.

* * *

The Paradox of Gold

WITH England off the gold standard and Englishmen deprived of the right to hold gold in any but negligible amounts, London remains the dominant free market for gold in the world receiving newly mined gold, which is bought by foreigners and deposited in safe custody in the country where it is bought, a country off gold. The monthly review of the Midland Bank regards this as a paradox worthy of the pen of Gilbert.

The paradox is made possible by the fact that Great Britain imposes no restriction upon the movement of gold into or out of the country, and by the Bank of England's right of seizure to gold held by "any person in the United Kingdom"—which probably includes corporations but does not include owners of the gold resident abroad.

Staff Changes

H. F. SMITH, formerly assistant manager at Toronto branch, **Dominion Bank**, has been appointed manager at London, Ont., succeeding the late B. B. Manning.

The **Royal Bank** announces the following staff changes:

C. G. HAYES, joint manager at Sao Paulo, has been transferred to Rio de Janeiro as manager.

A. B. MACKIE, assistant manager at Rio de Janeiro becomes joint manager at Sao Paulo.

A. L. PUTNAM, accountant at New Westminster, is now manager at Fort St. branch, Victoria.

R. CALLARD, manager at Brock, Sask., goes to Birsay, Sask., as acting manager.

P. A. SUTHERLAND, supervisor's department, Havana, has been transferred to Colon, R.P., as accountant.

E. McDOWELL goes from Calgary to Lethbridge as accountant.

Public Utility Earnings

B. C. Power Corp.

	1933	1932
December	$	$
Gross Income	1,129,326	1,180,286
Oper. Expenses	702,823	759,883
Net Income	426,503	420,403
	1933	1932
Six Months	$	$
Gross Income	6,292,759	6,533,939
Oper. Expenses	4,281,152	4,551,792
Net Income	2,011,607	1,982,147

Weekly Bank Clearings

Weekly Bank Clearings

	Jan. 11 1934 $	Change. year ago %	Jan. 4 1934 $
Halifax	2,023,621	— 6.0	2,083,767
Saint John ..	1,427,419	— 2.7	1,421,778
Sherbrooke ..	538,563	+18.0	525,035
Quebec	3,571,026	+14.8	4,012,492
Montreal	87,820,076	+39.1	84,607,996
Ottawa	3,984,176	+16.1	4,048,656
Kingston	547,692	+18.9	506,008
Peterborough	535,938	+ 9.2	564,819
Toronto	96,626,504	+35.1	102,745,187
Hamilton ...	3,415,959	+11.2	3,294,707
Kitchener ...	797,293	+16.6	1,017,559
Brantford ...	732,280	+18.2	1,059,805
London	2,112,516	+ 1.3	2,666,451
Chatham	389,814	+ 0.6	432,220
Windsor	1,694,642	— 2.5	1,728,482
Sarnia	362,292	— 7.7	586,111
Sudbury	500,855	+28.6	560,645
Moncton	752,788	+25.2	560,592
Fort William.	425,873	—	514,078
Winnipeg ...	32,935,995	—22.0	39,283,531
Brandon	266,682	+14.8	359,850
Regina	2,518,932	—37.2	2,893,822
Moosejaw ...	409,804	+ 1.7	588,543
Saskatoon ...	1,057,743	+ 0.5	1,056,975
Prince Albert	234,363	+18.1	256,803
Edmonton ...	3,467,587	+15.4	3,367,359
Calgary	4,238,068	— 9.0	4,170,145
Medicine Hat.	214,674	+30.0	196,558
Lethbridge ..	376,922	+16.8	303,246
N. W'minster	407,422	+10.4	486,254
Vancouver ..	13,036,143	+16.4	13,803,728
Victoria	1,462,619	+22.8	1,409,764

BUSINESS MEN!

DRAFT YOUR CUSTOMERS

Older perhaps than any other feature of the business world is the custom of *draft and acceptance*. The seller draws, the buyer accepts—and the draft is a "bankable document". Drafts deposited with this Bank are promptly forwarded, promptly presented and promptly reported on maturity.

IMPERIAL BANK OF CANADA

HEAD OFFICE - TORONTO

Capital and Reserve $15,000,000

FRANK A. ROLPH, President

Col. J. F. Michie, Vice-President R. S. Waldie, Vice-President

A. E. Phipps, General Manager

BRANCHES THROUGHOUT CANADA

Current Events in Banking World

NEW ZEALAND'S CENTRAL BANK READY IN JULY

Will Take Over Gold Reserves of Trading Banks

CAPITAL £500,000

Government and Shareholders Will Elect Board of Seven Directors

New Zealand's newly authorized central bank is expected to be in operation by July. The bill was rushed through the legislative council without amendment and provides for a bank with capital of £500,000, governed by a governor, deputy-governor and a board of seven voting directors. Stock of the bank may be held only by residents of New Zealand and small holdings will be encouraged.

Controversy was rife over the method of appointment of the directorate of the bank. Finally it was arranged that four of the directors should be elected by the shareholders subject to the government's approval while three should be appointed by the governor-general-in-council. The governor, who is expected to be imported and who shall hold office for seven years, and the deputy-governor will be appointed by the directors. Control of the bank after the first few years will be balanced between the government and the shareholders.

Has Right of Note Issue

The bank will have the right of note issue but the six commercial banks are to receive six months' notice of termination of their privilege. The gold of the trading banks is to be transferred to the central bank at the former "standard" price. Notes are to be convertible into sterling, a minimum reserve of sterling and gold equal to 25 per cent of the note issue being prescribed. Compulsory bankers' deposits are called for amounting to seven per cent of demand deposits and three per cent of time deposits. The central bank will hold all government balances. The latter clause affects chiefly the Bank of New Zealand.

The effect of the new legislation is to place New Zealand on a sterling basis rather than a gold basis. The trading banks face the prospect of parting with their gold reserve at little more than half its market value.

Now Has Six Banks

There are at present six trading banks operating in New Zealand of which four are Australian and two are domestic. The Bank of New Zealand, established in 1860, is the most important and holds the government's deposits. Since its reconstruction in the early nineties it has been partly owned by the government. It shares, with the other domestic bank, the right of note issue and the issuing banks may, subject to the restrictions in their own charters, issue notes up to the amount of gold coin and bullion and public securities held within the Dominion or the United Kingdom, providing that the issue does not exceed three times the amount of coin held by them in New Zealand.

The changes now being made were first suggested when Sir Otto Niemeyer visited New Zealand on his Australasian tour early in the depression. Bankers of New Zealand, however, were strongly opposed to the establishment of a central bank and the agricultural community was only luke warm. The suspicion has been generally held that a central bank would be the tool of overseas financial interests which also gave ground for opposition.

Finance Act Advances Drop With Year End

Advances under the Finance Act declined during December to $50,388,000 from $60,444,000 at the end of November when they reached a seasonal peak due to the fiscal year of several of the banks ending at that time. There was a small decrease in notes in circulation which dropped to $182,644,005 from $182,761,059.

Gold reserve against notes outstanding was $68,756,005 as required under the Dominion Notes Act while the amount held in excess of statutory requirements was reduced to $917,756 from $1,014,787 held at the end of November. Ratio of gold held to notes in circulation was 38.1 per cent as compared with 38.2 per cent at the end of November.

Gold holdings at the end of December were as follows:

Gold Holdings as at December 31, 1933

Held by Minister of Finance:	
Against savings bank deposits.	$2,291,844
Against notes as required by Dominion Notes Act, R. S. 1927	68,756,005
In excess of statutory requirements	917,756
	$71,965,605

MIDLAND LOAN EARNS 14.2 P.C. ASSETS HIGHER

Gain in Cash and Bonds Gives Company High Ratio of Liquidity

Net profit of Midland Loan & Savings Co., Port Hope, Ont., is reported at $51,264 in 1933 after deducting office expenses, commissions and taxes. This amounts to 14.2 per cent on paid-up capital of $360,000, as compared with dividends paid of 8½ per cent. Net profit in 1932 was 15.3 per cent of paid-up capital. Liabilities to the public on account of debentures and deposits are down slightly, while ratio of total available liquid assets to deposits is up to 157 per cent from 136 per cent at the end of 1932.

Total assets are up to $3,347,722 from $3,341,148. Cash is up to $176,417 from $167,753; Dominion of Canada and provincial bonds are up to $275,411 from $204,144; while municipal and school district bonds have been reduced to $52,525 from $71,917 and other bonds and stocks remain practically unchanged at $37,968. Mortgages and agreements of sale are down to $2,754,349 from $2,821,604, while interest due is up to $15,544 from $13,177 and real estate held for sale is carried at $20,830, as compared with none shown in 1932.

Reserves Increased

Debentures outstanding are down to $2,073,638 from $2,086,492, while deposits are down to $327,759 from $335,194. Investment reserve account has been increased to $49,254 from $19,186 and reserve for accrued taxes remains at $13,800. In the profit and loss statement is shown a write-off of $20,000 for general depreciation on investments, which brings the total of such write-offs in the past three years to $65,000.

Liabilities to shareholders include fully paid stock to the amount of $360,000 and reserve fund of $460,000, with $20,000 for contingent reserve. Profit and loss balance is $28,781. Record of the company for the past six years is as follows:

Earnings Record

Year	Paid-up Capital $	Net Profits $	Div. Rate %	Rate Earned %
1928	360,000	57,338	8+2	15.9
1929	360,000	60,440	8+2	16.7
1930	360,000	60,682	10+2	16.8
1931	360,000	60,647	10+2	16.8
1932	360,000	55,321	10+1	15.3
1933	360,000	51,264	8½	14.2

Year	Total Assets	Reserve Funds	Liab. to Public
1928	2,856,324	450,000	1,989,132
1929	3,020,094	465,000	2,128,458
1930	3,166,156	480,000	2,250,790
1931	3,298,485	480,000	2,395,457
1932	3,341,148	480,000	2,454,672
1933	3,347,721	480,000	2,464,450

Seed Potatoes for Cuba

Prospects are that exports of seed potatoes from New Brunswick to Cuba will be speeded up in December as Cuba is again in the market for the planting of the second crop. During October 20,000 barrels of potatoes for early maturing were shipped to Cuba from this province.

NATIONAL TRUST ASSETS HIGHER; EARNS 8.88 P.C.

Liquidity Improved; Deposits Show Good Increase

Reflecting the acquisition of deposit accounts of the Central Canada Loan & Savings Co. during 1933, the report of National Trust Co. shows increase in assets. Earnings declined to $266,415, after taxes, or 8.88 per cent on paid up capital of $3,000,000 which compares with $381,838 earned in 1932 which represented 12.72 per cent earned on capital. Total assets were increased to $274,497,075 from $267,044,281.

Assets in guaranteed trust account increased to $24,408,765 from $21,690,000. While trust deposits increased to $18,709,512 from $15,236,335, guaranteed trust certificates dropped to $5,699,253 from $6,454,665 due largely to the company's announced policy of not taking new money. Ratio of liquid securities to total deposits increased to 70.13 per cent at the end of 1933 from 68.9 per cent at the end of 1932. Estates trusts and agency account increased to $243,701,384 from $238,935,496.

Bond Holdings Up

Mortgages held show a relatively moderate decrease but holdings of Dominion of Canada and provincial bonds are substantially higher. Real estate held for sale under mortgage foreclosure is up to $1,132,125 from $720,111. In the guaranteed trust account mortgages, including interest due and accrued, are down to $12,385,898 from $12,529,752. Security holdings, carried under market value, are up to $10,406,678 from $7,044,117. Included in this total are government bonds, up to $6,681,993 from $4,507,434; Canadian municipal and school district bonds are up to $2,623,204 from $1,813,030 and other bonds and debentures are up to $988,555 from $635,930. Cash in guaranteed trust account is down to $1,324,634 from $1,924,135.

In Capital Account total assets are down to $6,386,927 from $6,417,785. The increase in real estate held for sale offsets decrease in cash to $145,350 from $435,616; bonds are down to $297,856 from $357,153; stocks to $560,062 from $574,971. Advances to estates trusts and agencies are up to $186,019 from $164,683. Mortgages and agreements for sale show small change at $2,902,675. Office premises are carried at $1,068,114, decrease of $31,000.

Record of the company for the past six years is as follows:

Earnings Record

Year	Paid-up Capital $	Net Profits* $	Div. Rate %	Rate Earned %
1928	3,000,000	451,439	12+1	15.04
1929	3,000,000	542,482	12+1	18.08
1930	3,000,000	533,549	14	17.78
1931	3,000,000	449,892	14	15.00
1932	3,000,000	381,838	12½	12.72
1933	3,000,000	266,415	8½	8.88

*After deducting cost of management, directors' and auditor's fees, contingencies, etc., and provision for taxes.

Year	Guar. Account $	Estates under Adminis. $	Total Reserves $
1928	17,744,094	178,014,574	3,000,000
1929	17,702,278	219,835,364	3,000,000
1930	20,534,678	235,382,200	3,000,000
1931	21,244,168	237,979,850	3,000,000
1932	21,691,000	238,935,496	3,000,000
1933	24,408,764	243,701,383	3,000,000

BUSINESS IN FORCE OF LONDON LIFE MAKES '33 GAIN

Group Business is Much Ahead of Last Year—Other Gains Shown

A better-than-average showing in new business written and a gain in total business in force as at the end of the year was reported by London Life Insurance Co. at its annual meeting in London this week.

Total business written by the company during the year amounted to $92,579,000 or 7.9 per cent less than in the same period a year ago. Of this total, $41,313,000 was ordinary business which was lower by 13.4 per cent than in 1932. Industrial business issued was down 4.4 per cent for the year at $49,160,000, while in group business the company made a 66 per cent gain and wrote $2,107,950 during the year.

Business in Force Gains

The increase in business in force to $476,811,000 maintains an unbroken record for each of the past 40 years. Both ordinary and group business shared in this gain, the increases in these two branches more than offsetting a decline in industrial business.

Income for the year was $1,300,000 higher than in 1932 at $21,000,000 while average net return on the company's invested assets was 5.66 per cent against 6.33 per cent in 1932. Disbursements were higher due to a sharp increase in payments to living policyholders as a result of the demand for cash surrender values.

Overdue Interest Low

Total assets were almost $7,000,000 above the 1932 figure at $84,516,000. Analysis of these shows that 52.7 per cent is in first mortgages; 26.4 per cent in bonds and debentures; policy loans 13.3 per cent. The remainder (7.6 per cent) is in real estate, including head office premises, stocks and miscellaneous items. The company reports that all bonds and stocks that depreciated during the year were written down and that the investment reserve against its mortgages was increased during the year from $1,200,000 to $2,000,000. Gross overdue interest on the company's mortgages is reported as being only 1.06 per cent of principal outstanding.

Policy reserves at the end of the year are reported as $4,782,000 above federal insurance department requirements while total of all surplus funds in excess of legal requirements is stated as $11,366,000. Free surplus shows a gain of nearly $250,000 to $3,354,000.

Comparative figures follow:

New Business

	1933 $	1932 $
New Insurance Issued		
Ordinary (net) ...	41,312,907	47,728,605
Industrial	49,157,674	51,558,572
Group (net)	2,107,950	1,175,917
Total	92,578,531	100,463,094
No. of policies	127,819	......
Insurance in Force (Dec. 31)		
Ordinary (net) ...	291,150,819	283,385,003
Industrial	151,158,163	154,479,074
Group (net)	34,502,745	34,090,525
Total	476,811,727	471,954,602
Other Items		
Interest Rate	5.66%	6.33%
Income	21,056,653	19,690,249
Payments:		
To P'holders (liv.)	6,480,723	4,514,690
To Beneficiaries ..	1,755,706	2,143,534
Total Assets	84,516,221	77,558,313
Mortgages	44,144,055	45,300,163
Surplus & Res.*	11,366,083	11,188,785
Mort. Inv. Res.	2,000,000	1,200,000
Free Surplus	3,354,417	3,111,151

* Surplus in excess of Dominion government requirements and exclusive of profit provision on reserve dividend policies and mortgage investment reserve.

Foreign Exchange

ANOTHER of Mr. Roosevelt's announcements concerning the gold policy at Washington was made on January 15. Consequently American dollars closed the week ended January 16 by sagging. The announcement, concerning expropriation of all American gold, and intimation of a 60-cent dollar, was taken to indicate that U. S. currency might be further depressed.

In terms of gold American and Canadian dollars are now nearing the 60-cent level. The pound sterling has been holding at close to 67 per cent of gold par, but the price of the metal was raised in London just prior to Mr. Roosevelt's statement, lowering sterling's gold value to about 66 per cent of par.

* * *

AS TO Canadian dollars, it is considered striking that reports of a plan in Ottawa to issue more currency have apparently not weakened our dollar. Our situation seems to be obscured in the shadow of Mr. Roosevelt's bright light. Official estimates of Canada's balance of payments in 1933 show some reasons for the firmness of our dollar, at least against U. S. money, if not in gold. The balance of weight appears to have been in a flow of capital into Canada sufficient to give our money good support. This confirms indications given previously in this column.

FOREIGN EXCHANGE

New York Funds

	High (Premium) %	Low (Premium) %	Last Year High (Premium) %	Last Year Low (Premium) %
Jan. 9	1/8	1/16	12⅝	12¼
Jan. 10	1/8	1/16	12 7/16	12⅜
Jan. 11	1/16	Par	12⅞	12½
Jan. 12	1/16	Par	13	12⅞
Jan. 13	1/16	*1/16	13½	13⅛
Jan. 15	*1/8	*1/2	13½	13¼

*Discount.

STERLING, FRANCS AND LIRE

Close: Demand in New York

	Sterling	Francs	Lire
Gold par	$4.866	$0.03918	$0.0526
Jan. 9	5.08	.0610¼	.0818
Jan. 10	5.10¼	.0613	.0820
Jan. 11	5.08½	.0610	.0818
Jan. 12	5.08¾	.0612¾	.0820
Jan. 13	5.09	.0614¼	.0822½
Jan. 15	5.13½	.0638½	.0851

Close: Demand in Toronto

	Sterling	Francs	Lire
Gold par	$4.866	$0.03918	$0.0526
Jan. 9	5.09	0.0611	0.0819
Jan. 10	5.10¼	0.0613	0.0821
Jan. 11	5.08⅝	0.0611	0.0817
Jan. 12	5.08½	0.0612½	0.0819½
Jan. 13	5.09¼	0.0615¼	0.0822½
Jan. 15	5.12½	0.0636	0.0850

	Reichsmarks	Belga	Yen
Gold Par	$0.238	$0.139	$0.498
Jan. 9	0.3720	0.2173	0.3114
Jan. 10	0.3729	0.2177	0.3098
Jan. 11	0.3712	0.2167	0.3085
Jan. 12	0.3723	0.2177	0.3070
Jan. 13	0.3732	0.2184	0.3075
Jan. 15	0.3833	0.2256	0.3087

YOUR BUSINESS ACCOUNT *is Invited*

Founded in 1871 this Bank has in the course of over 60 years developed intimate association with very many successful Canadian business enterprises. This experience is embodied in the services we make available to you.

These services include Canada-wide collection facilities, close contact with our own offices in London and New York, and ready access at any time to our executives for consultation.

THE DOMINION BANK

ESTABLISHED 1871

Direct wires connect our Head Office in Toronto with Montreal and New York

A Threefold Benefit

DURING the entire 49 years since its inception, this Company's sound insurance service has included full protection, dependable security and prompt settlement of claims.

Reinsurance effected through Lloyds of London, England. A deposit is maintained with the Federal Government.

Fire - Automobile - Burglary - Windstorm - Plate Glass - Sprinkler Leakage

The PORTAGE LA PRAIRIE Mutual Insurance Company

Portage la Prairie, Man.

Est. 1884

TORONTO VANCOUVER EDMONTON MONTREAL

BANQUE CANADIENNE NATIONALE

CONDITION AS OF 30TH. NOVEMBER, 1933

LIABILITIES

To the public:

Notes of the Bank in circulation	$ 8,165,014.00	
Deposits (Savings and Current)	101,884,934.09	
Advances under the Finance Act and Miscellaneous	4,442,475.27	
		$ 114,492,423.36
To the shareholders:		
Capital, Rest Fund, Dividends and undivided Profits		12,398,196.44
		$ 126,890,619.80

ASSETS

Cash on hand and other cash assets	$ 13,677,540.02
Securities (At market prices)	44,752,528.10
Call Loans (Secured by Collateral of sufficient marketable value)	5,432,866.11
Loans and Discounts and Advances to Municipalities (After providing for doubtful debts)	54,686,907.64
Real Estate, Mortgages, Furniture and Fixtures and Miscellaneous (At less than cost or value)	8,340,777.93
	$ 126,890,619.80

Profit and Loss Account

Balance of Profit and Loss, 30th. November, 1932	$ 210,244.46
Profits for the year ending 30th. November, 1933	970,350.27
Total	$ 1,180,594.73
Allocated as follows:	
Dividends	$ 700,000.00
Pension Fund	30,000.00
Provision for Dominion Government Taxes	105,000.00
Payment to the Treasurer of the Province of Quebec (14, Geo. V, Ch. 3)	125,000.00
Balance of Profit and Loss, 30th. November, 1933	220,594.73
	$ 1,180,594.73

At the close of the fourth year of an economic depression which has been unprecedented, the Sixty-Second Annual Report of the

Confederation Life Association

Shows the Company to be in an exceedingly strong financial position, ready and able to fulfil its first and foremost duty — to pay, promptly and in full, all obligations under its policy contracts.

PAYMENTS TO POLICYHOLDERS and BENEFICIARIES

In 1933, amounted to the large sum of

$13,376,636

An Increase of $858,676 over the amount paid in 1932

DIVIDENDS TO POLICYHOLDERS IN 1933

$2,097,653

In 1933 satisfied Policyholders of the Confederation Life Association, resident in Canada, applied for additional insurance, and were accepted, for an amount equal to 42% of the Company's total Canadian business for the year.

Surplus Earned During the Year $3,375,453

Total Surplus As at 31st December, 1933 $7,564,280

Total Net Income for the Year $20,618,444

Excess of Receipts over Disbursements $4,062,940

TOTAL ASSETS

As at 31st December, 1933

$94,205,166

An Increase for the year of $1,972,861. The Association has valued its Assets on a very conservative basis which gives values amounting to $800,000 less than those authorized by the Superintendents of the Dominion and Provincial Departments of Insurance.

THE HIGH GRADE OF THE SECURITIES

In which the Assets of the Association are invested, as at 31st December, 1933, is shown in the following schedule:

Bonds and Debentures:		Policy Loans:	
Government and Municipal	36.71%	Ordinary	15.44%
Others	15.46%	Single Premium	4.24%
Mortgages:		Stocks:	
City and Town	12.93%	Preferred	1.34%
Farm	1.90%	Common (Companies with no funded debt, mainly Canadian Banks, Trust Companies and Consumers' Gas Co.)	1.75%
Real Estate:		Common (funded debt)	.43%
Head Office and Branch Buildings	2.19%	Cash and sundries	5.72%
Other Property	1.89%		100%

New Assurances and Revivals In 1933 $38,858,240

Total Assurances in Force As at 31st December, 1933 $361,044,688

Confederation Life Association

Head Office Toronto

C. S. Macdonald, President. R. S. Waldie, Col. J. F. Michie, Vice-Presidents. V. R. Smith, General Manager and Actuary.

1871—SECURITY and STABILITY—1934

Insurance for Buyer and Seller

CONFEDERATION'S SURPLUS LARGER AFTER WRITE-OFF

New Business Issued in 1933 Lower by 10.6 p.c.

A slight increase in surplus after writing $1,911,934 off book values of invested assets, is reported in the annual statement of Confederation Life Association, presented at the company's 62nd annual meeting this week. Earned surplus for the year was reported at $3,375,453 or $81,000 less than last year. The company reports that the values at which it now carries its assets are $800,000 less than the authorized values allowed by the federal insurance department or the provincial superintendents.

A change in surplus position during the year is the disappearance of $1,000,000 which last year was termed "contingency investment reserve" and the appearance of an approximately similar amount in the item "free surplus."

New business written by the company during the year was $38,858,000 or 10.6 per cent less than the same figure of 1932. Total business in force at the end of the year was lower by 3.5 per cent at $361,000,000. Annuity income was slightly lower than the high figure of last year but is still substantially ahead of corresponding figures for previous years.

According to V. R. Smith, general manager and actuary of the company, of the total new business issued by the company in 1933, 47 per cent arose in Canada, 36 outside Canada, less than 10 per cent by way of reassurance and about 7½ per cent group insurance. Of total business in force, 53 per cent is in Canada, 28 per cent outside Canada, 13 per cent is reassurance and 6 per cent group.

Total payments to policyholders and beneficiaries were almost a million dollars above the 1932 level, in spite of lower payments on account of death claims and policyholder dividends. The increase is almost entirely due to a jump in policy surrenders which increased $900,000 to $4,647,300.

Bonds and Debentures Up

Total assets are higher by $2,000,000 there being a sharp increase in the company's holdings of bonds and debentures which are shown in the balance sheet at amortized values to the amount of $49,144,000. Mortgage account is slightly lower and policy loans outstanding are down by 2.7 per cent from the peak figure of a year ago.

Analysis of the company's assets shows the following distribution: bonds and debentures—government and municipal, 36.71 per cent, other, 15.46 per cent; mortgages—city and town, 12.93 per cent; farm, 1.90 per cent; real estate—head office and branch buildings, 2.19 per cent, other property, 1.89 per cent; policy loans—ordinary, 15.44 per cent, single premium, 4.24 per cent; stocks—preferred, 1.34 per cent, common (companies with no funded debt, mainly Canadian banks, trust companies and Consumers' Gas Co.) 1.75 per cent, common (funded debt), .43 per cent; cash and sundries, 5.72 per cent.

Comparative figures for chief items in the company's statement follow:

	1933 $	1932 $
New Business		
New ins. issued ..	38,858,240	43,464,515
Bus. in force (Dec. 31)	361,044,688	374,071,320
Annuity receipts ..	1,557,566	1,693,200
Income and Disbursements		
Net prem. inc.	14,400,721	14,827,027
Interest, rents	4,587,471	4,449,629
Total income	20,618,444	21,089,314
Policy payments* .	13,376,636	12,517,960
Death claims	3,141,877	3,452,962
Dividends	2,097,653	2,151,042
Earned surplus ...	3,375,453	3,456,786
Assets and Liabilities		
Total assets	94,205,166	92,232,305
Bonds & debent.† .	49,143,724	45,984,487
Mortgages‡	13,974,993	14,375,194
Stocks	3,814,886	3,310,863
Policy loans	18,539,054	19,051,621
Surplus & reserves.	7,564,280	8,171,805
Free surplus	2,306,669	1,160,011
Contin. reserves ..	......	1,000,000
Policy reserves ...	81,769,900	79,528,164

*To policyholders and beneficiaries.
†At amortized values.
‡Including sales agreements.

Insurance Problems

Insurance questions of general interest submitted by subscribers of The Financial Post will be answered in this column. Other enquiries will be answered by mail. A three-cent stamp should be enclosed to cover a direct reply.

Trans-Canada Insurance

I would appreciate some information on the Trans-Canada Insurance Company. This company is being recommended by the Retail Merchants Association. Is the company in good financial position and safe to insure with?

Trans-Canada Insurance Co. is regularly licensed by the federal insurance department at Ottawa, and last year was acquired by a financial group headed by P. R. Du Tremblay, of Montreal. This group also controls the Provident Assurance Co. and thus the Trans-Canada which, since it was organized in 1928, has had an exceedingly difficult time, has now the benefit of being in stronger hands.

No figures are available for 1933 but as at the end of 1932, the company had improved its position somewhat by reason of a call on shareholders and showed a surplus over all liabilities and capital stock of $2,600. Surplus for policyholders was about $200,000, practically all of which was paid up capital stock.

The company maintains a deposit with the federal insurance department which is equivalent roughly to the amount of unearned premiums outstanding.

Russell Reid is New Head Vancouver Underwriters

Russell Reid of the Mutual Life of Canada was elected president of Vancouver Life Underwriters' Association at the annual meeting.

Other officers elected were: J. A. McLuckie of the Dominion Life, first vice-president; L. T. Tweel, Canada Life, second vice-president; G. H. Phillips, Sun Life, secretary; J. G. Braim, Great-West Life, treasurer, and John T. McCay, Dominion Life, congress chairman for 1934. J. J. Kenny, Crown Life, is past-president of the organization.

Death Breaks Partnership When Not Incorporated

Surviving Partner is Liquidating Trustee and May Not Make Further Commitments — Solution is Partnership Insurance

By R. M. HAULTAIN

This article and the next two of this series examine the problems that arise in an un-incorporated partnership on the death of a partner, and the preventive solution. The viewpoint of the survivors is considered this week.

Previous articles have discussed this question in the close corporation or private company. Subsequent articles will deal with ways and means of selling a sole ownership business as a going concern to one or more employees on the death of the owner.

Types of Partnerships

Un-incorporated partnerships fall into two categories, trading and non-trading.

The trading type includes those which carry a stock in trade where the assets are largely physical, such as plant, equipment, fixtures and merchandise.

The non-trading type includes accountancy, architectural, brokerage, dental, engineering, financial, medical and real estate partnerships where the physical assets consist principally of office equipment. Here we find that the main assets are the earning power of the partners and the goodwill value of their personal connections.

When a partner dies the survivors' problems are more complicated than those encountered in a close corporation.

Death Dissolves Partnership

Death legally dissolves a partnership in the absence of special arrangements. The surviving partners are in effect liquidating trustees of the deceased's interest. They cannot involve it in further commitments. They must render accounting to the executors who cannot distribute the estate until settlement is received from the survivors. The situation is most awkward for all concerned if no special provisions have been made for the continuation of the business.

Four Courses of Action

There are four main courses of action open to the surviving partners:

A. To buy the deceased partner's interest;

B. To form a new partnership with the deceased's wife or heir;

C. To sell or close out the business and pay off the deceased's estate;

D. To find a buyer for the deceased's interest and form a new partnership with him.

Course A. If the purchase of the deceased's interest is considered:

1. The widow is often loath to accept the fact that her interest has suddenly depreciated in value. It is only natural for her to think she should get her proportion of her husband's estimate of the firm's worth before the new situation arose.

2. It is difficult to explain to her the intangible forces that cause shrinkage, such as credit restriction, loss of her husband's personal business, the cost of doing his work and the effect of the demands of apprehensive creditors.

3. When the price is finally agreed upon, the survivors must find the money. It is the worst time to borrow.

Course B. If the surviving partner decides to form a new partnership with the widow:

1. Would she know the business or profession well enough to earn the salary or would someone else have to be retained to do the deceased's work?

2. Her husband probably developed his own special work. It would be difficult for her to step in and pay her way during the crucial period following the disturbance.

Course C. If it is decided to sell or wind up the business and pay off the deceased's estate:

1. In a trading partnership would a forced sale of the plant, fixtures and stock in trade be satisfactory?

2. In a non-trading partnership where the value lies in personal earning power and goodwill what would be realized beyond the office equipment?

Course D. In looking for someone to buy the deceased's interest and form a new partnership we find:

1. That the right combination of qualities plus ambition plus capital, all at a loose end, is a rare gem, not easily found in the short time available.

2. That if found, brought in and signed up, he is apt to place a higher valuation on his money than on the survivor's experience in the business, and eventually to prove uncongenial.

3. A new partnership started under these conditions is seldom built on as solid a foundation as was the old one which started from scratch.

The Obvious Solution

The solution has been found to lie in a pre-arranged written agreement, adequately financed, whereby the surviving partner buys the deceased's interest.

The agreement should be built on a pre-arranged money supply, guaranteed by some responsible financial institution, available exactly when needed. The logical financial institutions to look to for this type of financing are the life insurance companies.

How Survivors' Problem Solved

The Business Life Insurance Trust Agreement solves the problems outlined above for the survivors as follows:

1. The pre-arranged agreement for sale and purchase of the deceased's interest eliminates protracted negotiations of an unpleasant nature with the widow, the executors, and the other beneficiaries or their representatives.

2. The strain is relieved of meeting pressing obligations caused by the new situation, thereby giving the surviving partner a better chance to pull the business through the crisis.

3. The surviving partner will not be pushed by executors anxious to get the estate liquidated and distributed to the beneficiaries.

4. The survivor can take his own time over the selection of the new man to do his late partner's work, as the business is now a sole ownership affair.

Credit Aspects

The Business Life Insurance Trust Agreement strengthens the firm's credit as soon as installed as explained by credit men interviewed in a previous article of this series. Partnership credit is more sensitive than corporation credit because of lack of corporate continuity. All partners are personally liable for the actions of the others, which is of course desirable from a creditor's viewpoint. This unlimited liability feature renders advisable insurance on each partner's life payable to the firm to take care of any credit commitments made by the deceased partner before his death for which the survivors might be liable. This insurance should be distinct from those policies which finance the interest liquidation agreement.

Sinking Fund Aspects

During the great depression of the early 1930's many men said that the liquid cash values in their business life insurance policies had saved their firms from bankruptcy during that period of stress when their other assets were depreciated or frozen. As there have been eleven depression cycles in a century it follows that business life insurance will save a new crop of firms from bankruptcy when the next depression cycle comes round. Partnership insurance should therefore be put in force as early as possible after a depression period so that cash values will be substantial when the next depression is reached. The prosperity—depression cycle chart suggests that if business insurance is started during the height of a prosperity period when profits are substantial the question of making several years' premium deposits in advance and taking the discount should be considered. This method sets up a liquid buffer against the lean years to come.

Men become more conservative as they get older. In a partnership with wide disparity of ages the younger partners often wish to buy out the older generation and carry out their own plans for expansion. Funds may be provided for this tendency in a partnership insurance plan by the use of endowment policies on the lives of the younger partners.

When partners decide to set aside a percentage of earnings for sinking fund purposes they would do well to take into consideration the facts tabulated above and to study the rather extraordinary manner in which partnership insurance in its various forms can be applied as a well rounded out solution to their peculiar problems.

This is article seven of the second series on Business Insurance written for The Financial Post by R. M. Haultain. The next article of this series of eighteen will discuss the problems of the deceased's family in an un-incorporated partnership.

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Prudential of England Business Better in 1933

Business written by the ordinary branch of the Prudential Assurance Co. of England exceeded $115,000,000 during 1933. Annuity purchase money exceeded $10,000,000 and in the industrial branch new sums assured written exceeded $311,000,000. Ordinary new business was ahead of that in 1932; annuity purchase money is up over 50 per cent and new industrial business is but slightly less than in 1932.

Total business in force in the Canadian branch at the end of 1933 shows an increase of $2,500,000 over that at the end of 1932. F. C. Capon, acting life manager for Canada, states that the Montreal branch, led by George A. Main, has contributed substantially toward the progress the Prudential is making in Canada.

REDUCE FIRE RATE ON ALBERTA AUTOS

Bonus Will be Given Where No Claim is Made on P. L. and P. D.

Automobile fire insurance companies have reduced rates charged motorists in Alberta, effective January 1. Straight fire insurance on light model cars has been reduced as much as 40 per cent. In the case of one popular car the rate has been reduced to $3.88 from $6.75 and on another to $4.75 from $8.30. The action is understood to have been largely due to efforts of the Alberta Motor Association.

Other concessions on five-point policies have resulted in credits being made in the public liability and property damage clauses where no claim is made.

Effective from the beginning of this year policy owners who make no public liability or property damage claims will be given a percentage reduction on their premium payments, which is really a form of bonus. This reduction is increased for the following year and again for the third year if no claims have been made at the end of that time.

In previous years fire insurance rates on cars are said to have been higher in Alberta than in other western provinces because of offenders who were alleged to have burned their cars to collect insurance.

Edmonton Fire Loss Lowest in 16 Years

Fire losses in Edmonton during 1933 are estimated at under $100,000, the lowest point in 16 years. In 1917 the fire loss was $69,570 and in each year since has been over the $100,000 mark. It is believed in the west that the Edmonton record for 1933 will set a record for the year among cities of similar size and classification in Canada.

Fire loss in December was only $13,000 despite the coldest weather in 48 years. The fire losses for the past six years are as follows:

	Year's Loss	December Loss
1933	$95,000 (est.)	$13,000 (est.)
1932	475,823	87,791
1931	285,922	28,749
1930	206,962	57,846
1929	478,730	47,903
1928	853,813	5,006

Prudential of America Has Silver Anniversary

Officials of the Prudential Insurance Co. of America celebrated the Silver Jubilee of the company's operations in Canada at a conference held in Montreal, Jan. 15 and 16. Superintendents from all parts of the Canadian field met head office officials of the company. On Jan. 15 the company completed 25 years of operation in Canada.

Since the Prudential was established 58 years ago the company has paid off more than 6,300,000 death claims. In Canada the company has business in force of over $500,000,000. All Canadian premiums are invested in Canada and the company holds in Canada, under Government control, more than enough assets to cover its Canadian liabilities.

Appointment Announced By Metropolitan Life

Canadian head office of the Metropolitan Life announces the following promotions in the field. Herménégilde DeMontigny, formerly employed as agent at the Rivière du Loup district, is appointed assistant manager at the same district; C. W. Wasmuth, formerly employed as agent at the Edmonton district, appointed assistant manager at the same district; D. J. Burns, formerly employed as agent at the Toronto district, appointed assistant manager at the same district; Léopold Tessier, agent unattached at the Lachine, Quebec, district, appointed assistant manager at the same district; H. F. Lowman, formerly employed in the Moncton, N.B., district, appointed ordinary supervisor at Canadian territory; Adolphe Dobbelaer, formerly employed as agent at the Verdun, Montreal, district, is appointed assistant manager at the Mount Royal, Montreal, district; C. L. Girvan, formerly employed as agent at the New Glasgow, N.S., district, appointed assistant manager at the local section of the Moncton, N.B. district; Léo Paradis, formerly employed as agent at the Chicoutimi, Quebec, district, is appointed assistant manager at same district; R. D. McLeod, formerly employed as agent at the New Glasgow, N.S., district, is appointed assistant manager at the North Sydney detached section of the Sydney district; W. E. Lynch, formerly employed as agent at the Toronto district, is appointed assistant manager at the same district.

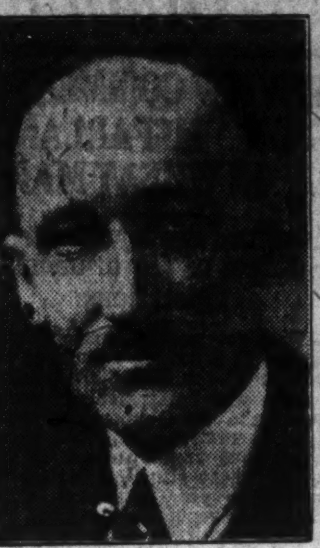
Lower Dwelling Rates Apply Near Hydrants

Further details respecting reduction in fire insurance rates for dwellings and reported in last week's Financial Post are now available. The new rates are effective on new policies dating from January 1 of the new year and apply to dwellings located within 500 ft. of fire hydrants.

The new scale means a reduction of 50 cents per $1,000 policy. On frame dwellings carrying a minimum rate of $7.50 per $1,000 for three years, the new charge will be $7. Reductions also are given on brick and other structures classified as protected dwellings.

There is no change in the insurance rates for contents of dwellings.

New Managers for Western Empire Territory


W. DOUGLAS MACKAY

ROBERT B. BAILLIE

Western Empire Life has appointed W. Douglas Mackay as manager for British Columbia with headquarters at Vancouver and Robert B. Baillie manager for Manitoba District No. 2. Mr. Mackay was formerly manager of the Manitoba district now to be in charge of Mr. Ballie. P. J. Mandelli, for the past three years manager of the senior Manitoba division, continues in that capacity.

Insurance Inklings

PAUL FUGERE, formerly branch secretary at the Quebec branch of the Home Life has recently assumed the same duties at Montreal branch. H. HUCKLE, formerly branch secretary at Montreal will confine his efforts to conservation of the business in force in the Montreal branch.

PROFESSOR W. B. BAILEY, economist of the Travellers Insurance Co., Hartford, Conn., addressed the Life Underwriters' Association of Toronto on January 18 on the subject of "Selling Insurance in a Changing Economic Order."

N. S. Coal Output Greater

During 1933, Nova Scotia produced 3,968,334 long tons of coal, compared with 3,637,487 long tons in 1932—an increase of 9.1 per cent.

Basis Changed For Great West New Business

Adoption of a new basis for compiling branch office production and company records in respect of new business is announced by Great West Life effective Jan. 1, 1934.

Effective on that date the company will maintain its records for new business on a "placed" basis as compared with an "issued" basis, formerly used.

Placed business will be taken to mean all business for which full settlement according to the company rules, or as otherwise approved, has been received at the branch and the policy has been issued to the agent for delivery. No volume may be counted for a policy, even though complete settlement has been received, where an amendment, or any other necessary requirement in connection with the delivery of the policy, has not been completed and received at the branch. Such cases may later be included when the outstanding requirement is received.

The new basis will apply to agency standings, honor roll, branch leaders. The new plan will not affect the company's Hundred Thousand Club since it affects only standings where issued business was formerly used.

Cuba Buying Potatoes

During the last quarter of 1933 New Brunswick and Prince Edward Island Shipped to Cuba seed and table potatoes to the value of $226,397, according to the records at the Cuban Consulate in Saint John.

THE ONTARIO EQUITABLE
PROTECTION
LIFE AND ACCIDENT INSURANCE COMPANY
HEAD OFFICE WATERLOO ONTARIO
The satisfaction policyholders have in their contracts with this Company offers the basis of opportunity for its representatives. Assets exceed $8,200,000.

THE WESTERN EMPIRE
Life Assurance Company
HEAD OFFICE
701 Somerset Building
Winnipeg, Man.
Branch Offices:
SASKATOON EDMONTON
CALGARY VANCOUVER

Operating in Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia
FIRE AUTOMOBILE WINDSTORM
Insurance in force over $250,000,000.00
Total Assets over 3,000,000.00
Agents required in Ontario
Write Eastern Branch, 2 Toronto St., Toronto, Ont.
THE WAWANESA MUTUAL INSURANCE CO.
Head Office—Wawanesa, Man.

NORTHWESTERN MUTUAL FIRE ASSOCIATION
SEATTLE WASHINGTON
HEAD OFFICE FOR CANADA
HAMILTON ONTARIO
WRITING FIRE AND AUTOMOBILE INSURANCE AT COST ASSETS $4616449.70
BRANCH OFFICES
Toronto
Ottawa
Vancouver
Victoria
Edmonton
Calgary
Saskatoon
Winnipeg
Montreal
Quebec City
St. John
Halifax
ALL POLICIES NON-ASSESSABLE, PAYING DIVIDENDS RANGING FROM 20% TO 30%

If you are
—A Stockholder in a Close Corporation
—A Partner in a Business
You will be interested in a plan which will, upon the death of one of your associates, make certain that:
... the surviving partners or shareholders will have available an amount in cash for the purpose of purchasing the deceased's interest in the partnership or company, thus eliminating the possibility of having to take in an outsider or of having to wind up the business.
... both the surviving partners or shareholders and the deceased's estate are relieved of the possibility of sustaining any immediate financial loss owing to his death.
... his heirs will receive an amount in cash in lieu of his interest in the partnership or company.
Write or call for further information
Business men are accustomed to insure their buildings, plant and equipment against destruction, but many seem to overlook the financial loss that comes to a partnership when one of its members dies.
THE ROYAL TRUST Co
EXECUTORS AND TRUSTEES
President: Sir Charles Gordon, G.B.E. Vice-Pres.: Huntly R. Drummond
General Manager: R. P. Jellett
Montreal - 105 St. James Street
Toronto - 59 Yonge Street
HALIFAX, SAINT JOHN, QUEBEC, OTTAWA, HAMILTON, WINNIPEG, CALGARY, EDMONTON, VANCOUVER, VICTORIA, ST. JOHN'S, NFLD., LONDON, ENGLAND
ASSETS UNDER ADMINISTRATION EXCEED $626,000,000

The Story of 1933
The results achieved by The Imperial Life Assurance Company of Canada in 1933 will be very gratifying to policyholders and others interested in the Company's progress:

	1923	1933
Assurances in Force	$156,230,862.00	$279,718,959.00
Total Assets	28,024,643.39	68,573,416.27
Policy and Annuity Reserves	23,369,222.52	58,937,840.00
Premium and Interest Income	6,765,484.37	13,253,767.36
Payments to Policyholders	2,192,298.68	9,083,996.80

A wide margin for security and surplus earnings exists between the interest rates of 3% and 3½% assumed to be earned in calculating assurance liabilities and the average rate of 5.36% actually earned in 1933 on the Company's invested assets. Further security is furnished by the fact that the provision made for such assurance liabilities is $1,100,000.00 in excess of government requirements and by the maintenance of a contingency reserve of $1,000,000 and surplus funds of $3,169,406.00.

BOARD OF DIRECTORS
Vice-President: S. J. MOORE, TORONTO, President The Bank of Nova Scotia
President: G. A. MORROW, TORONTO, Vice-President Central Canada Loan & Savings Co.
Vice-President: E. T. MALONE, K.C., TORONTO, Vice-President Toronto General Trusts Corp.
SIR JOHN AIRD, TORONTO, President The Canadian Bank of Commerce
J. F. WESTON, Managing Director
W. G. MORROW, PETERBOROUGH, Vice-President Toronto Savings & Loan Co.
J. P. BICKELL, TORONTO, President McIntyre Porcupine Mines Ltd.
SIR HERBERT HOLT, MONTREAL, President Royal Bank of Canada
HON. DONAT RAYMOND, MONTREAL, Director The Canadian Bank of Commerce
PATRICK BURNS, CALGARY, Director Bank of Montreal
MARK H. IRISH, TORONTO, President Irish & Maulson, Ltd.
H. H. WILLIAMS, TORONTO, Director The Dominion Bank
D. B. HANNA, TORONTO, President Western Canada Flour Mills Co.
J. W. MITCHELL, TORONTO, Vice-President Dominion Securities Corp. Ltd.
FRANK PORTER WOOD, TORONTO, President Burlington Steel Company, Limited

Copy of Complete Report for 1933 mailed on request
The Imperial Life Assurance Co. of Canada
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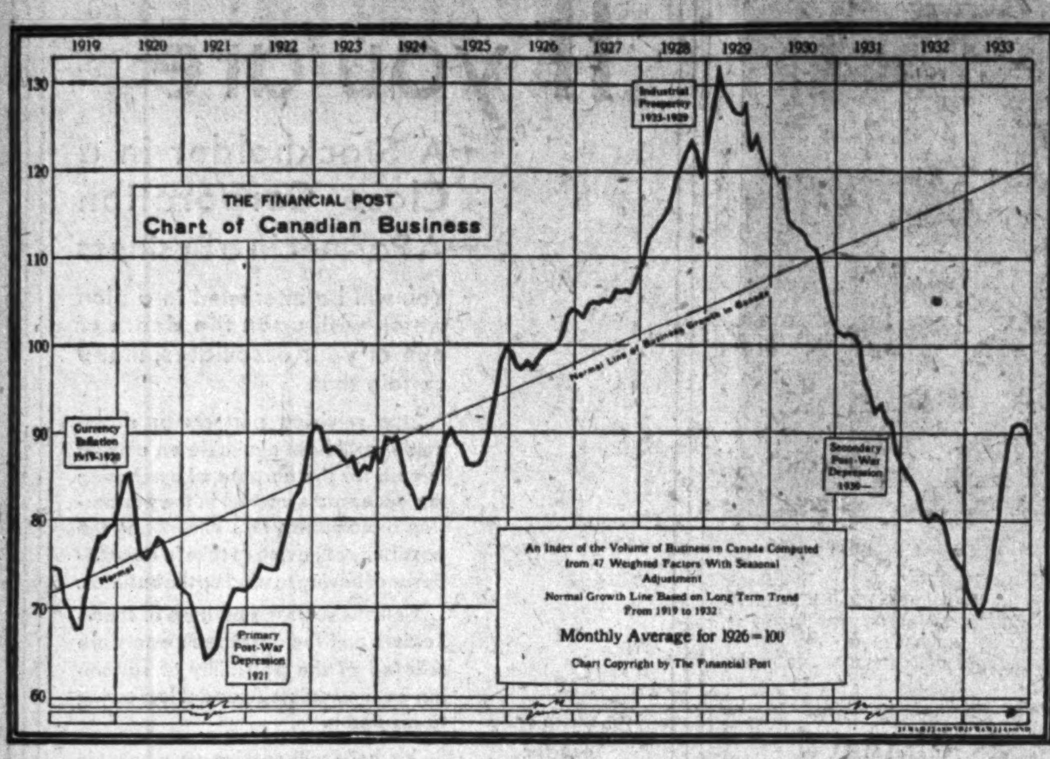
Branches and Agents in all important centres

Business Holds up Well at Year End



Business operations after recording a recession in November showed considerable firmness in the last month of the year. The preliminary compilation of The Financial Post index was 88.8 compared with 89.6 in November, but before "smoothing" an unmistakable gain was indicated.

Gold and asbestos showed gains in December, and lead production was heavier in the last month for which statistics are available; other base metals were exported in lesser volume. The manufacture of food products recorded expansion. Lumber exports were greater after seasonal adjustment, while newsprint recorded recession. The iron and steel industry was considerably more active. New business obtained by the construction industry was 14 per cent less, and the November high level of external trade was not maintained.

ROGERS WOULD CONTINUE SALE DE FOREST LINES

Acceptance of Offer is Dependent on Creditors of Consolidated

Offer made by Rogers-Majestic Corp. to Consolidated Industries Ltd. for assets and goodwill of the latter company and its subsidiaries has not as yet been accepted and no definite information will be available until February 15. In view of conflicting reports and rumors regarding the deal that is pending and the ultimate change that will be effected in the business of Consolidated Industries Ltd., D. G. Mackenzie, vice-president and general manager of Rogers-Majestic Corp. has issued the following statement.

"We have tendered an offer to Consolidated Industries for their assets and goodwill, including trademarks, patents, franchises, etc.

"This offer has not yet been accepted or rejected and is dependent upon submission to an acceptance by the creditors of Consolidated Industries, so that definite information in this regard is not apt to be available for at least a month. The only actual transaction that has taken place is the purchase of the existing inventories, which has been effected. This includes radios, refrigerators, washing machines, ironers, clocks, etc.

"These inventories will be merchandised in the name of Canadian Radio Corporation Ltd., which is a Rogers-Majestic subsidiary, and will be sold through the same channels utilized by the Consolidated Industries Products Ltd., which are their various distributors across the country and their direct sales organizations in Ontario, Manitoba and Quebec.

"Should the negotiations be successfully concluded it is planned to continue the merchandising of the De Forest products through the same channels as heretofore and maintain an independent merchandising and engineering staff that will endeavor to offer the public distinctive merchandise of a type different and competitive in every way to the products of the Rogers-Majestic Corp."

Winnipeg Electric Wage Dispute Nears Conclusion

From Our Own Correspondent

MONTREAL.—The case of the Winnipeg Electric Co. as well as that of its employees in the transportation and mechanical departments has been practically completed before the commission of enquiry. There remains only an itemized statement by the company as to how the labor costs of the company, amounting to $1,455,979, are compiled. This sum is questioned by the employees. The City of Winnipeg also will submit a brief regarding taxes paid by the company.

Larger Timber Cut

Unofficial figures indicate that the total cut of lumber and pulpwood on the Saint John River and its tributaries in New Brunswick this year, will be the greatest since the peak was reached some twelve years ago. It is stated that the total cut in the Saint John River watershed this year will amount to 130,000 million superficial feet.

Manager for Canada

E. L. MORLEY

Appointed manager for Canada of the General America companies of Seattle with headquarters at Vancouver. Mr. Morley will have charge of the group's operations in Western Canada assisted by A. C. Manson, secretary for Canada.

Mr. Morley joined the General America in August, 1932, as special agent; prior to that he was with the B. C. branch of Northern Assurance and also for many years was associated with the Commercial Union.

Slight Decline Noted In December Business

Fundamental Situation Shown as Favorable, However —Index Was Actually Slightly Higher Before Smoothing Adjustments — Many Industries Report Higher Output

By SYDNEY B. SMITH

Despite the recession of eight-tenths of a point in the preliminary compilation of The Financial Post business index, the fundamental situation was favorable in December as compared with the preceding month. The recession in the index was due to "smoothing," that is, taking a three months moving average of the original data in order to eliminate irregular fluctuations. Before making this adjustment the preliminary business index for December recorded a moderate gain over November. The December figure is placed at 88.8 compared with 89.6 in November.

Production Above 1931 Level

The record for 1933 from the standpoint of business operations in Canada presents a bright picture, holding out considerable promise for the present year. The depression continued during the first quarter, but the unbroken advance during the next seven months placed production on a higher level than at any time since the latter part of 1931. The recession in November was moderate and the index for December before the smoothing adjustment shows that the breathing spell was of moderate duration.

Review of factors comprising the index follows

Minerals—The seven factors used in the determination of the trend of mineral production, showed mixed tendencies in December. Gold shipments recorded a gain, the total being 246,806 fine ounces compared with 229,201 in November. Mint receipts were 239,944 ounces compared with 214,889. As December is normally a quiet month in this regard, the index of gold shipments moved up sharply from 151.3 to 187.6. Silver shipments were 1,145,000 ounces compared with 1,443,000. Exports of better grade asbestos were 11,061 tons compared with 10,105, the index moving up 24.3 per cent.

Base Metals — Most of the base metals did not move so freely in December as in the preceding month. Exports of copper were 21,332,000 pounds compared with 23,948,000 in the preceding month, the adjusted decline being 8.4 per cent. External shipments of nickel were 6,424,800 pounds compared with 8,581,100, declines having been shown for three months. The high point of the year was reached in September, when exports were 10,546,000 pounds. Production of lead was 25,157,000 pounds in the latest month for which statistics are available compared with 23,244,000, the gain in the index being more than 15 per cent. A considerable decline was shown in zinc exports, the total being 14,032,800 pounds compared with 18,264,000.

The various industries grouped under the heading of food products showed a gain, in December, the index moving up from 90.8 to 97.4.

Wheat Flour — Output of wheat flour in the latest month for which statistics are available was 1,827,340 barrels compared with 1,650,557, the adjusted gain being 31.2 per cent. The increase in oatmeal production was 26 per cent, while the output of rolled oats was 16,416,000 pounds compared with 15,676,000. The production of corn flour was at a lower level.

Sugar — Output of manufactured sugar was 139,000,000 pounds compared with 112,533,000, in the preceding 4-week period, the adjusted gain being 19 per cent.

Livestock Slaughterings showed decline in December, the drop in sheep being less than normal for the season. Cattle slaughterings were 67,326 head compared with 99,988 and hog slaughterings were 252,700 contrasted with 277,300. The adjusted gain in sheep slaughterings was 20 per cent.

Canned Salmon Exports were 4,631,000 pounds compared with 4,936,100, the adjusted gain being 18.1 per cent.

Cheese Exports—The decline in cheese exports after seasonal adjustment was 16.4 per cent.

Tires, Boots and Shoes—As measured by the output, the tire industry showed greater activity, the gain being 12 per cent. Leather boot and shoe production showed recession in the latest month for which statistics are available.

Newsprint, Lumber—The output of newsprint was 175,304 tons compared with 193,718 in November. After adjustment for seasonal tendencies, the recession was limited to 4.2 per cent. The decline in exports of planks and boards was less than normal for the season, the consequent adjusted gain being 22 per cent. Pulp exports were 104,770,100 pounds compared with 116,538,700. The decline in the export of shingles was 15.3 per cent.

Iron and Steel—The iron and steel industry was much busier in December, gains being shown in the output of pig iron and steel. The percentage increase in the output of automobiles was also striking, contrary to the seasonal trend.

Construction —Construction contracts awarded were $8,207,600 compared with $10,637,200, the adjusted index recording a decline of 14.4 per cent. The adjusted decline in carloadings was limited to 4 per cent.

Trade—The high level of external trade in November was not maintained in the month under review. Imports at $35,368,000 compared with $43,712,000 showed a decline of 12.4 per cent after adjustment for seasonal tendencies and price changes. The decline in exports was limited to 8.2 per cent, the totals being $51,624,000 compared with $60,926,000.

Canadian Newsprint Output Gains 5.3 per cent in 1933

American Production Lowest Reported in Over 20 Years — North American Total Greater in Past Year

From Our Own Corresponden

MONTREAL. — Newsprint production on the North American continent advanced 43,188 tons, or 1.3 per cent in 1933, compared with that reported during the preceding year, according to returns tabulated by the News Print Service Bureau.

Actual production for the past 12 months was 3,250,579 tons, as against 3,198,622 tons in 1932 and with the record output of 4,395,284 tons set up in 1929.

Canadian mills produced 2,017,004 tons last year. This is in line with an earlier forecast made by The Financial Post and compares with a production of 1,907,566 tons in 1932 and the record of 2,728,827 tons in 1929.

Decline Continues in States

Production in the States during 1933 amounted to 946,374 tons, a decline of 6.2 per cent from the 1932 figures. Operations of the American mills have been steadily declining over the last decade. The output last year was the lowest reported in more than 20 years.

Newfoundland held its own last year, with an output of 270,834 tons, compared with 271,804 tons. This was only about 23,000 tons from the all-time record set up in 1931.

The largest percentage gain reported last year was recorded by Mexico, whose one mill turned out 16,367 tons, representing a gain of 29 per cent over that reported for the previous year. This is the third largest annual output ever reported by the Republic.

Current Trend Favorable

Production and shipments in recent months have been decidedly more favorable than a year ago. Last month Canadian mills turned out 175,304 tons of newsprint, with shipments totalling 172,285 tons. This includes an estimate for one company whose exact figures were not reported.

Production in the United States was 80,395 tons and shipments 82,031 tons.

During December, 26,000 tons of newsprint were made in Newfoundland and 1,604 tons in Mexico, so that the total North American production for the month amounted to 283,833 tons.

For December, 1932, North American output was 241,363 tons. Increased outputs were reported by all areas last month, Canada increasing by about 63,000 tons United States by 600 tons;; Newfoundland by 4,300 tons; and Mexico by 702 tons.

Grain and Milling in Canada

REVIEW COMMENTS ON McFARLAND IN WHEAT MART

Stanford Survey Discusses Effect of Government Operations

That government sponsored purchases of Winnipeg futures at the height of the 1932-33 marketing season was "presumably a factor tending to curtail exports," is one of the observations contained in an exhaustive annual review of the world wheat situation during the past crop year, contained in the December report of the Food Research Institute, Stanford University. Elsewhere John I. McFarland is specifically mentioned as the government agent. During 1932-33 says the survey, Canada continued to perform with the United States the "necessary function of stock-carrying, which importing countries would not or could not assume."

Peg Price Close to Liverpool

Evidence of this situation is seen in two factors, says the report; namely, in the record level of the Canadian carryover and in the fact that while the Canadian net exports of 263 million bushels were the largest in four years, this movement for the fourth successive year fell 50 per cent of total available supplies. Also it is pointed out that Winnipeg futures during the year seldom ran as much as 10 cents below the corresponding Liverpool futures and toward the year end of the crop were above Liverpool. Another factor tending to curtail exports was also "speculative enthusiasm associated with unfavorable developments of the Canadian 1933 crop in the closing weeks of the crop year."

Milling Has Bad Year

Net exports of Canadian wheat flour fell to the lowest point in a decade, the survey notes, although the decline from the previous year was only trifling. This was responsible for keeping Canadian mill grindings at 14.9 million barrels, though there was an increase of about 2 per cent from the level of 1931-32.

Domestic retention of flour was the largest in a decade, it is noted, the increase from the previous year apparently representing expansion of flour consumption more than of flour stocks. The wheat equivalent of flour retained domestically was only a million bushels larger than in 1931-32 because fewer bushels of wheat (4.45, an exceptionally low figure) were required to produce a barrel of flour.

World Consumption Small

On the world situation, the institute concludes that world disappearance of wheat in the 1932-33 crop year was smaller than in the two preceding years, and stocks were built up to a new high level at the close of the year. Consumption of wheat for food in Roumania, Jugoslavia, Poland, Germany, Italy and Japan showed a decline, while in the United States wheat consumption for feed was sharply lower and per capita flour consumption apparently was somewhat smaller than in the previous crop year, the institute calculates.

The institute estimates that world wheat stocks at the end of the 1932-33 year totalled 1,106,000,000 bus., compared with 996,000,000 a year previous and 1,007,000,000 two years previous. This year's figures were the highest recorded. The increase in stocks last crop was the largest that has occurred since 1928-29, but the increase last year was the result of reduced consumption of wheat, while in 1928-29, the increase was the result of the bumper crop of 1928.

WILL DISCUSS NEW STANDARDS FOR GRAIN TRADE

Modernization of Standards May Result from Meetings

Twelve public hearings will be held in the United States from January 22 to February 20 to discuss proposed revisions of the federal standards for wheat, rye, oats, feed oats, mixed feed oats, barley, corn and grain sorghums as well as the newly-fixed standards for mixed grain. The proposed changes are the result of long study by grain specialists of the U. S. Department of Agriculture of the possibilities of improving various standards for grain that have been promulgated since 1916 under the provisions of the Grain Standards Act.

The proposed revisions include changes suggested by producers, grain dealers, handlers, millers, grain inspection departments and state agricultural colleges. The proposed changes are, in effect, a modernization of the standards to conform with changes that have occurred in the last 15 years in grain merchandising, handling, milling and other processing methods and in baking practices. The inspection practicability of the proposed standards has been studied by the bureau through two years of experimental application in the field offices of the Federal Grain Supervision.

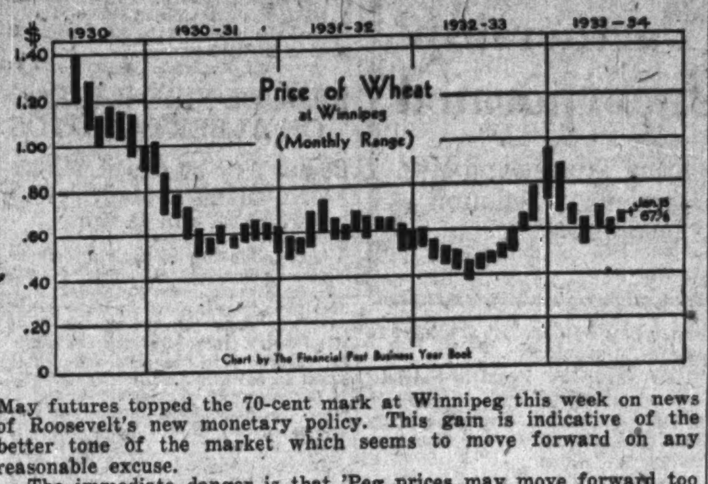
The dates and places for the public hearings are as follows:

Jan. 22—Louisville—Board of Trade
Jan. 23—St. Louis — Merchants Exchange.
Jan. 23—Seattle—Merchants Exchange
Jan. 26—Chicago—Board of Trade
Jan. 26—Portland, Ore. — Merchants Exchange
Jan. 31—Los Angeles—Merchants Exchange
Feb. 2—Minneapolis—Flour Exchange
Feb. 3—San Francisco — Merchants Exchange
Feb. 6—Ames, Iowa — Agricultural College
Feb. 9—Kansas City—Hotel Kansas Citian
Feb. 19—Buffalo—Corn Exchange
Feb. 20—New York City—Produce Exchange

Canadian Tobacco to Britain

About a thousand hogsheads of tobacco, totalling around half a million pounds, have been forwarded from the Port of Saint John to the British market and other heavy consignments are expected to follow.

Wheat Prices Improve on Roosevelt News



May futures topped the 70-cent mark at Winnipeg this week on news of Roosevelt's new monetary policy. This gain is indicative of the better tone of the market which seems to move forward on any reasonable excuse.

The immediate danger is that 'Peg prices may move forward too rapidly as very little Canadian wheat can be absorbed at the present spread between Winnipeg and Liverpool.

Wheat Market Favorable To Almost Any News

Reaction to Roosevelt Announcement Indicates Better Tone — Danger of Winnipeg Getting Too Far Astray

From Our Own Correspondent

WINNIPEG—While it is difficult to see just what connection President Roosevelt's announcements in connection with his monetary policy have to do with the price that British and continental markets will pay for Canadian wheat, a marked upward swing, succeeded by a reaction, took place on Monday, and not only at Winnipeg, but to a smaller extent at Liverpool.

The developments were not unlike those which took place when the Argentine currency policy was announced, and the explanation is possibly that the market is in a mood to advance if it can only find a good excuse for doing so.

There has in fact been a development during recent weeks of a gradually strengthening undertone. To some extent this is due to gradual lessening of the weight of surplus supplies on both European and Canadian markets, while both in England and on the continent there appears to be a tendency to believe that the worst has passed in connection with wheat, and that fundamental tendencies may be toward improvement.

Whereas there was a time when any news seemed to be the signal for fresh selling, the present situation is that any news creates immediate wonder if the time has not arrived to commence buying.

Danger of Too Great Spread

Such tendencies, however, are decidedly hesitant as yet. There is danger if attempts are made to exploit them as they develop for the Winnipeg market to get too much out of line with other countries for export business to be done in volume. Canadian wheat is commanding a considerable premium over the wheat of other countries just now, and were Canada to be content with a still smaller volume of export business it could be made to command a still higher premium.

There may be said to be an urgent need for certain limited quantities of Canadian wheat, for which prices fairly high in comparison with other wheat prices can be obtained, but the greater the volume Canada wishes to sell the more nearly must the prices offered for Canadian wheat approach those demanded for other wheat.

EXPORTERS WARY OF FREIGHT RATE ON GREAT LAKES

Greatest Competition from Vancouver Rather Than Buffalo

From Our Own Correspondent

WINNIPEG — Lake steamship interests are reported to have reached an agreement to maintain a rate of six cents per bushel from the head of the lakes to Montreal at the opening of navigation. Exporting interests, however, are wary of making contracts in advance at that rate, remembering as they do the difficulties that have previously been experienced in holding up lake rates.

True, the competition of vessels owned in the United States has to a considerable extent been eliminated, largely as the result of the British regulations as to the method of shipment of Canadian wheat to be eligible for the preference.

May Solve U. S. Riddle

There is still a possibility of finding a method by which wheat can be shipped from the head of the lakes to Buffalo and on through United States ports to Great Britain without the risk of losing the benefit of the British preference, but apparently the procedure required would fit in with the handling of very little wheat that goes to Great Britain.

The greatest competition the carriers on the lake route have to fear is that from grain shipments via Vancouver. If the expectation of a six-cent rate on the lakes is confirmed during the next few months, it may increase the tendency for buyers abroad to make commitments for wheat to be shipped from Vancouver. If no such tendency develops, the lake carriers will be in a stronger position at the opening of navigation, as the Vancouver competition, because of the longer time required for shipment from that port, cannot be hurriedly brought into play.

Broomhall Sees Canadian Surplus Lower By 1934

Considerable reduction of the Canadian carry-over at the next crop year is seen in a recent dispatch from Broomhall.

The situation is summed up as follows:

"Canadian official exports of wheat and flour since August 1, 1933, to the end of Dec. are as follows: Aug., 10,861,000; Sept., 22,209,000; Oct. 25,683,000; Nov., 25,792,000; Dec., 19,380,000. A total of 103,925,000 bushels.

"Annual requirements are 110,000,000 and normal carry-over 70,000,000. The 1933 crop was 272,000,000 and carry-over 212,000,000, a total of 484,000,000. A balance of 200,000,000 is remaining on January 1 to be exported or held over into a new crop year. There are seven more months of the current season and exports on an average of 20,000,000 a month would account for 140,000,000, leaving an amount of 60,000,000 old wheat on Sept. 1.

"This is half of what remained over last season. With the price of Canadian wheat down to 75 cents a bu. delivered to the consumer and smaller supplies in the southern Hemisphere than this time a year ago, the U. S. apparently out of the export market and European countries disinclined to permit further acreage increases, there is not expected to be much decline in the wheat market until the size of the 1934 wheat crop in North America is announced."

Grain Briefs

Canadian wheat in store on January 5 totalled 239,492,638 bus. compared with 241,687,381 the week before and 236,851,875 on the corresponding date of 1933. Wheat stocks have now receded to only 2,640,753 bus. above those of the same date last year. Canadian wheat in the United States amounted to 13,144,240 bus. of which 4,955,255 were at Buffalo and 5,689,988 at New York. This compares with 13,318,254 bus. on the same date last year of which 7,087,487 bushels were located at Buffalo and 3,385,280 at New York. United States wheat in Canada was shown as 2,248,845 compared with 6,937,588.

Wheat marketings in the Prairie Provinces for the week ending December 29 amounted to 1,250,584 bus. compared with 1,832,253 in the previous week and 2,052,868 in the same week of 1932. By provinces the receipts were as follows, figures within brackets being those of 1932: Manitoba 58,194 (164,414), Saskatchewan 667,985 (848,013), Alberta 524,405 (1,040,441). Marketings for the 22 weeks of the crop year were: Manitoba 22,859,342 (29,568,846), Saskatchewan 81,012,718 (145,582,997), Alberta 56,941,544 (100,353,594). Total 160,813,604 (275,505,437).

Export clearances during the week ending Jan. 5 amounted to 2,285,338 bus. compared with 1,990,603 in the previous week and 2,976,761 in the corresponding week last year. Clearances by ports were as follows the figures in brackets being those of a year ago. Week ending January 5: Vancouver-New Westminster 1,610,780 (2,168,601), United States ports 458,000 (448,000), St. John 216,198 (360,000), Montreal 360 (160). Total 2,285,338 (2,976,761). Wheat from Montreal was shipped to the Maritime ports for export overseas.

Pulp and Paper Group Will Hold Annual Meeting

From Our Own Correspondent

MONTREAL.—Canadian Pulp and Paper Association will hold its annual meeting in Montreal from January 24 to 26. During the first two days the technical and woodlands sections will hold their meetings separately. Various speakers will address the groups on matters related to their respective parts in pulp and paper manufacture.

The general meeting of the whole association will be held at its headquarters on January 26.

Winnipeg Grain Prices

Week to January 16, 1934

Crop year from Aug. 1, 1933 High	Low		Open Jan. 10	High for week	Low for week	Close Jan. 16
		Wheat				
.95	.59¼	May	.66	.70¾	.66	.69¼
.71⅛	.62¼	July	.65¾	.71⅛	.66⅜	.70¼
		Oats				
.48½	.29½	May	.34⅞	.38⅜	.34⅞	.37¼
.38⅝	.32⅛	July	.35½	.38⅝	.35⅝	.37⅛
		Barley				
.50¾	.32½	May	.40⅛	.43½	.40⅛	.42⅝
.44⅛	.36⅛	July	.40⅝	.44⅛	.40⅝	.43⅛
		Flax				
1.71½	1.15	May	1.47	1.54¾	1.47	1.52¼
1.52½	1.39½	July	1.45⅝	1.52½	1.45¾	1.51½
		Rye				
.68½	.39⅛	May	.47	.52⅛	.47	.50½
.53¼	.43⅝	July	.48	.53¼	.47¾	.51⅝

Wheat

From Our Grain Correspondent

India May Export

INDIA may be an exporter next April and May now that copious rains have assured an excellent crop, according to advices from that country. Seeding moisture in September and October was quite satisfactory and with these spring rains the crop should yield heavily. Irrigated areas will be well furnished with water for some time to come, the recent large additions to this area being the main reason for the belief that an exportable surplus will be available in April.

* * *

European Prospects Poor

IT IS too soon to assume that, because Italy's wheat acreage is down 10 per cent from last year due to excessive rains at seedtime, and because alternate thawing and freezing in other important wheat-growing areas of Europe will result in a heavier than usual winter-kill, the market difficulties of the past few years are about to be overcome. It is not unreasonable, however, to feel encouraged by the fact that Europe itself is somewhat disturbed by crop conditions, and because the world wheat surplus is in first hands.

The latter condition is one of extreme importance. Deficiency countries have followed strictly a hand-to-mouth buying policy. Bakers, millers and merchants alike have shunned the carrying of stocks in a world so overburdened with unwanted wheat. Nature has furnished Europe with bountiful crops in four successive years, but there are indications that 1934 may witness the end of the period of plenty, and the importer is the first to acknowledge them.

* * *

Buffalo and Wheat

THE fate of the most recent test shipment of wheat, via Buffalo, remains a mystery to Ottawa. This movement was carried through without notifying the Trade and Commerce Department and the early claims of success came as a distinct surprise. It now appears that the shipment has not been accepted under the British Preference and, therefore, has not improved the position of western exporters. Buffalo is still closed to the six cents per bushel British preference.

* * *

Regulate Wheat Deliveries

THE announcement at Regina that the Saskatchewan Government will introduce legislation at the coming session of the legislature empowering the ministry to regulate deliveries of wheat by farmers (in the event that a bumper crop threatens the Wheat Agreement) is taken at Ottawa as a declaration of the manner in which the export restrictions of this agreement are to be carried out. The Saskatchewan legislation would give the Provincial Government power to regulate sales of wheat from the farmer to persons or companies within the province. Supporting Federal legislation, to be enacted this session, will provide for regulation of sales outside the province. Thus provincial and interprovincial trade in wheat will be brought under statutory regulation if the need for it arises.

Ontario Gold Mines Output $43,728,144

December production by the Ontario gold mines had a normal value of $3,760,265 from 496,317 tons of ore treated. This brings the total production for 1933 to $43,728,144 as compared with $46,773,154 in 1932.

Porcupine production in December was valued at $1,921,891 as compared with $1,689,466 from the Kirkland Lake area, and for the year had a production of $21,624,913 as compared with $20,831,536 from the Kirkland Lake area.

In addition to the standard value of the production outlined above, the exchange compensation amounted to approximately $14,400,000, bringing the gross value of the gold produced to about $58,125,144. Gold production from the nickel-copper mines is not included in the above and is estimated at $472,360.

The order of production from the mines in December was as follows: Porcupine camp — Hollinger, McIntyre, Dome, Coniaurum, Buffalo-Ankerite, and Vipond. Kirkland Lake camp — Lake Shore, Teck-Hughes, Wright-Hargreaves, Sylvanite, Toburn, Kirkland Lake Gold, Ashley and Macassa. Northwestern Ontario-Howey, Parkhill, Minto and Moss.

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The Bank of Toronto 78th Annual Statement Reflects Exceptionally Strong Position

Addresses of Mr. W. G. Gooderham, President, and Mr. H. B. Henwood, General Manager, delivered to the Shareholders of The Bank of Toronto at their 78th Annual Meeting.

Mr. W. G. Gooderham, President:

After another difficult and anxious year we are pleased to be able to present to you at this meeting figures showing that we have at least held our own during the period.

Earnings, after ample provision for bad and doubtful debts, are quite adequate to provide our dividends at the rate of 10% per annum on paid-up capital. I should here remark that this rate is exactly 4% on Capital and Rest Accounts, these two constituting the amount of your investment. Changes in the position of assets and liabilities are not important. There has been a moderate gain of over two millions in total assets.

Reports issued by commercial and statistical agencies indicate some improvement in business. This improvement, unfortunately, is not yet entirely general, the agricultural industry in particular being still out of balance and suffering from relatively low prices.

Notwithstanding a small wheat crop in this country, estimated at 272 million bushels, and a reduction of 405 million bushels below the average of the five preceding years for the U. S. and Canada combined the world is still producing more wheat than markets will absorb. Only a few years ago we derived much satisfaction from our steadily increasing wheat acreage, but we failed to fully appreciate the significance of increasing production in other countries, particularly importing countries. Perhaps we asked prices which made it economically necessary for these countries to artificially stimulate their home production. At any rate we have now more wheat than can readily be sold, with the result that prices continue low. We look for this situation to correct itself, but, short of widespread crop failures, the process may be slow. Improvement must largely depend upon improved economic conditions the world over, and increased populations. In our opinion, wheat farmers will best serve their own interests by diversifying their activities as far as they possibly can, rather than by clinging to wheat in the hope that prices prevailing in former years will quickly return.

Foreign Trade

A marked change has taken place in our external trade. The unfavourable balance which featured the three years prior to 1932 has been converted into a favourable balance for the 12 months ended November, 1933, of no less than 134 million dollars. In view of our large external debt, this comes nearer to a normal trade position for Canada, at least until such time as the outlook is sufficiently improved to warrant our absorbing fresh investments of capital from outside.

Tariffs, uncertainties of exchange, and other handicaps have continued to restrict total world trade, including that of Canada with the rest of the world. The World Economic Conference of 1933, though including some tentative schemes for wheat and silver, which may possibly be of significance to Canada, unfortunately did not bring any comprehensive plan for trade revival; in fact, the net result of that conference appears to be discouragement as to the possibilities for any conference on world trade under present conditions. But the Imperial Economic Conference which was held at Ottawa in the previous year did have some results which are reflected in increased trade with Great Britain.

Central Bank

The pending revision of The Canadian Bank Act is a new cause of anxiety to the banks and their shareholders, in view of certain suggestions which are before the Government. The inquiry into banking and currency in Canada, conducted by a Royal Commission, was itself welcomed by the banks, who, in inquiries of this kind are seldom given a fair hearing. The report of the Commission gives the banks a certificate of character and a clean bill of health. The honesty of our motives and the efficiency of our administration are conceded in words which should be convincing to those who are honestly dissatisfied. No doubt we shall always have to contend with a section of the public, at most times small, who refuse to be convinced on any evidence.

In respect to the two definite recommendations of the Commission that a Central Bank be established and that a further study of rural credits be made, we have no criticism to make, at least on theoretical grounds. As a practical matter we doubt if a Central Bank can bring benefits equal to its cost. Its possibilities for good are certainly offset by its possibilities for disturbance and abuse.

While two of the five members of the Commission—these two being the ones with practical banking experience in Canada—dissented from the majority recommendations, nevertheless it is probable that a central banking authority in some form will be set up at the coming session of Parliament.

Our greatest concern is with some of the suggested provisions—notably the elimination of the note-issuing privilege now held by the banks. The banks have issued capital and have expanded their services to the public partly on the basis of this privilege, the withdrawal of which must of necessity reduce their profits to a serious extent.

The report of the Commission shows that the average net annual profit available for dividends, from 1923 to 1932, was equivalent to 6.36 per cent, while dividend payments averaged 5.93 per cent, on the average shareholders' investment. Obviously, these are very moderate rates of earnings and dividends, and the Commissioners do not in any way suggest that they are excessive. In fact, they do suggest that the loss of the note issuing privilege might be compensated by new charges to customers.

Evidently, if the bank note issues are abolished, some compensation must be established. A bank has to compete for capital with other institutions and channels of investment, and its operations must bring an adequate return to shareholders; otherwise, the supply of funds for banking capital, which in the past has been increased in each period of expansion and prosperity, will dry up. Considering the business risk which attaches to any equity, and also the double liability in the case of bank stocks, any lesser return than is now being realized, would divert capital from banking.

Working under pressure for profits is dangerous in banking. The risks involved in the business of lending money, under the most careful management, are certain to increase, with the result that the whole structure is weakened through frozen loans and excessive losses. The banks, therefore, would be obliged either to impose new charges on customers' accounts, which would be unpopular to say the least and might further handicap the conduct of business generally, or else they would have to withdraw numerous branches, particularly those in outlying communities where the present slim margin of profit would be wiped out by the extra cost of having to use Central Bank notes for actual and reserve circulation purposes. We can only hope, therefore, that these and other points of lesser importance will be further examined at the coming session before a definite step is taken.

As to the broader aspects of central banking, we can be quite certain that many of its advocates are bound to be disappointed. Those who look for the Central Bank to create easy money and credit will surely find that no matter what institution issues notes, they do not grow on trees; they belong to someone, they represent a liability, and the borrower must pledge good security for them and pay interest on the loan.

To those who hope that the Central Bank will exercise a control of credit and thereby influence our domestic price level and foreign exchange rates, we may point out that however easy this may appear when the aim is to enlarge credit and raise prices, the reverse process of contracting credit and lowering prices is likely to be difficult to achieve by any institution which is under political influence, and he is a trusting individual who believes that a Central Bank will not be largely controlled by the Government of the day, regardless of who may own the capital. In considering this question of Central Banking we are not altogether in the realm of theory. Central Banks have existed in many countries for many years. All have had similar objectives, but their success has nowhere been conspicuous. In fact, the break-down of business and finance during recent years in many of these countries could scarcely have been worse. The Bank of England may be regarded as an exception, but it is an international as well as a domestic institution, operating in the centre of the financial world where there are vast supplies of short-term money. We have no corresponding situation in Canada, nor can we look for it within any time that need be considered now.

It is said that without a Central Bank we have no means of settling our balances with foreign countries, and particularly with London, except through New York. The fact is that where embargoes against the movement of gold exist there is no direct means of settling balances, with or without a Central Bank, except by borrowing in one form or another. In Australia, which has had a Government controlled bank for over 20 years, and whose banking system is intimately connected with London, greater difficulties have been experienced in effecting foreign settlements than has been the case in this country; there was, in fact, almost a complete stoppage; foreign exchange was obtainable only with difficulty and in small amounts. In this country, with no Central Bank, no difficulty whatever was experienced. If we had a Central Bank now it would operate through New York when convenient and profitable, in the same way that the chartered banks are doing. Arbitrage business in exchange is as old as banking.

At the risk of undue length I should like to say a word in regard to Bank and Government note issues. The true purpose of circulating note issues, either Bank or Government, is to provide a medium of exchange, a facility for the interchange of goods and services. There is no other sound reason for circulating notes. For these purposes the circulation of the banks is better than that of the Government because bank circulation, within the limits prescribed, represents commodities in process of manufacture and distribution. Although not legal tender and not backed by gold (except to the extent that the banks hold gold and Government legal tender, which is partially covered by gold), bank notes are not scraps of paper but actually represent the best kind of values. To illustrate: In our own case our circulation of approximately six millions is represented twice over by wheat alone, against which we have made advances, it being understood that bank notes are a first charge upon all assets. In point of safety and elasticity the system is ideal and fits the needs of the public to a $5 bill. Government note issues, on the other hand, are covered at the present time by only 40% in gold, and it is suggested that this percentage might be reduced to 25%. Over and above gold cover, the notes rest purely upon Government credit. Government note issues are therefore less automatic, less elastic and less dependable. The abuse of note issues by Governments, usually through controlled Central Banks, is nothing new, even in our own time. France repudiated her issues to the extent of four-fifths, and Italy three-quarters. In many other countries values were heavily depreciated, and in some cases completely wiped out. The United States have had one experience and may have another. Our turn may also come, but not through bank circulation.

The Government can and does control the banks and their issues, but there is no one to control the Government.

Public Debts

At former meetings of our shareholders we have referred to our excessive public debt, and its accompanying load of taxation which we have considered and still consider the main cause of most of the economic difficulties of this country. We may as well recognize that unless public spending is diminished rather than increased, we can have no reasonably quick recovery. Even now a serious problem is developing in public finances. The Western Provinces require Federal aid, and many Municipalities of the less prudently managed class are in default or near to it. This is a situation which has been growing more apparent from year to year, but until the shoe actually began to pinch, nothing of consequence was done about it, while indebtedness continued to roll up. Even under pressure of need in the past two years, such economies as have been effected are small in comparison with total expenditures. In fact, it seems likely that when figures of 1933 become available they will show our total of public debts higher than ever before, and our public expenditures just about at their peak. Something more bold and sweeping might be undertaken. The cost of Government, apart from fixed charges, could probably be cut in half with actual benefit to the country.

If we had a report from a competent Commission on the expense of Government and Government services in this country, accompanied by suggestions as to measures which might be taken to correct the situation both for the present and the future, our people would be shocked, but we would have a document of transcending interest and importance. I do not suggest for a moment that we are in worse position than many of our neighbours; the contrary I believe is the fact, but the affairs of other countries are their own to mend. It is our business to attend to our own.

There is much hope in the fact that private industry has largely eliminated losses. Employment is increasing, and profits, in some cases quite satisfactory profits, are reappearing. This does not mean that the handicaps of the past four years have largely disappeared, but rather that they have been offset by increased economy and efficiency. However difficult the process has been, business as a whole is now making ends meet and is only waiting for some relief from overburdening taxes to again expand.

No reference to economic conditions, however brief, can entirely ignore the situation in the United States and the extraordinary devices being employed in that country to stimulate business and increase employment. We could not follow them if we would, as we have no billions of Government funds with which to flood the country. We can only watch their experiment with the most lively interest, knowing that either success or failure will cause repercussions in this country. At the same time, we can derive much satisfaction from the improvement in our own business, which has been achieved by orthodox methods and unaccompanied by the danger of reaction which always follows large expansion of Government credit.

In addition to names with which you are familiar, we are offering for election to the Board the name of Mr. Aubrey Davis, Vice-President of the Davis Leather Company Limited, one of our oldest and most respected connections.

The Honourable E. J. Davis brought his business to this Bank a quarter century ago, since which time mutually satisfactory relations have continued. Mr. Davis, senior, who at 82 years of age still heads his Company, now contributes one of his sons to our Board, and we look with pleasure to a long continuance of the pleasant and useful relationship which has existed with the Davis family for so many years.

Mr. H. B. Henwood, General Manager:

The 78th balance sheet covering the Bank's operations for the year ending November 30th, 1933, which we have pleasure in placing before you today, again reflects the unfavourable business conditions which have now prevailed for several years.

Profits

Our profits at $1,037,922 show a decline from the previous year of $6,471. After making the customary deductions there remains the sum of $118,372, which has been added to Profit and Loss Account, making the amount to be carried forward $614,674.14. This balance would in normal times have permitted an addition being made to our Reserve Fund, but in view of prevailing conditions and uncertainty we have deemed it advisable to leave the amount at credit of Profit and Loss Account.

The figures under the various headings in the Balance Sheet are very much the same as last year and do not require much comment.

Total Assets

$116,999,162, are up $2,501,413 from a year ago. Of these, $63,298,815 (or 62.52% of total liabilities to the public) consist of cash, or assets readily convertible into cash.

Current Loans and Discounts

$48,432,227, practically no change from a year ago. Our Loans and Discounts have been subjected to a very careful analysis, and this figure in our opinion represents a safe valuation after writing off all bad and doubtful debts and making ample provision for all unsatisfactory accounts.

Securities

$41,654,004, an increase of $4,378,946 for the year. Lack of demand for commercial loans necessitates the investment of our funds in securities. 97% of these holdings consists of government and municipal bonds of short-date maturities and were shown in the statement at not more than market prices.

Bank Premises

$3,635,516, down $92,193. Following our usual practice we have written off $100,000 this year. The above valuation does not represent more than 50% of the cost of Bank premises.

Notes in Circulation

$5,750,284, practically the same as a year ago. If in the formation of the new Central Bank the recommendations of the Macmillan Commission are carried out, we shall in course of time lose the privilege of circulating our own notes, which we have enjoyed ever since the Bank was founded in 1855, and the Bank of Toronto notes which have been issued to meet the demands of the public during all these years, practically unchanged in their design, will disappear from circulation. Aside from the loss of the annual profit which we have been able to make from this privilege after paying the government tax on circulation and bearing the expense of engraving the notes and handling them over our counters, from the sentimental angle it will be a distinct loss to us if the notes we have taken so much pride in disappear, and I have no doubt many of our clients, as well as the general public will miss the notes of Canadian Banks with which they have been familiar for many years.

Deposits

$90,437,734. We are very well satisfied to report a small increase of $2,428,394 over the total of a year ago.

On May 1st last, owing to the increasing difficulty of employing our funds in commercial loans, and the necessity of investing our surplus money in government bonds at very low yields, the banks found it necessary to reduce the rate paid on savings bank accounts from 3% to 2½%. It was a matter of some regret to us that after so many years during which we paid a steady rate of 3% to our savings depositors, it was necessary to take this step. You will see from the decrease in our earnings that we received no benefit from this reduction. At the time the cut was made there was an urgent appeal from governments, municipalities and western agriculturists for some relief in the rates which they were being charged against their borrowings, and the banks decided that as far as possible any benefit we might gain by cutting the rates of interest should be passed on to these classes of borrowers.

We hope we may not have to make further reductions, because we feel that we must not forget the depositor, who after all is the man who is supplying the sinews of war, so to speak. The solicitude is all for the borrower, and the thrifty, industrious depositor is placed in the category of the forgotten man, where his careful, intelligent management of his affairs helps build the reservoir of savings out of which in normal times the banks are enabled to render assistance to Canadian business enterprises.

Branches

There were 179 branches of the bank in operation at the end of our year, against 180 a year ago. We fear the loss of our note circulation privilege to the central bank will necessitate the closing of further branches which will be rendered unprofitable. We shall certainly put forth every effort to maintain our business at outlying points, but if we must close additional branches we shall probably be no worse off than our competitors whose branches are more numerous.

Inspections

Every branch of the Bank has been thoroughly inspected during the year by our own inspection staff, and the larger offices have also had an audit of cash, securities and loans by our shareholders' auditors. The general position of the Bank has been reviewed during the year by the Inspector General of banks.

Macmillan Commission

One of the most interesting and valuable contributions to Canadian banking in 1933 was the report of the Macmillan Commission upon the Canadian banking system following sittings in every province of Canada, which were in the nature of open discussions in which the Canadian public were given the opportunity of placing before the Commission any complaints or comments they might have to make as to the various functions performed by the banks. The Commission, under the chairmanship of Lord Macmillan, who was chairman of a Commission which made a similar report on the banking system of Great Britain, included also Sir Charles Addis, a director of the Bank of England and a man of long and varied international banking experience, Sir Thomas White, formerly Canadian Minister of Finance, Mr. Beaudry Leman, General Manager of the Banque Canadienne Nationale, and Hon. J. E. Brownlee, Premier of the province of Alberta. All men of outstanding ability, who with great patience and courtesy heard the evidence placed before them and the briefs submitted by the banks, made a review of the evidence and finally wrote a report which is one of the most outstanding documents that has ever been placed before the government.

It is not surprising that in view of the rapid survey which had to be made and the limited time at their disposal, the members of the Commission were not unanimous in their conclusions and recommendations, but this does not in any way alter the great value of the report, and I am sure the members of the Commission deserve the warmest thanks and appreciation of the banks for the fine service they have rendered. The Prime Minister also deserves our appreciation for his wise judgment in selecting such excellent men to study the banking situation in this country.

That the banks came through this investigation with credit to themselves is evident from the remarks of Sir Charles Addis, who in the closing session with the banks, made the following statement:

"You have been subjected to a searching questionnaire and you have given us a straight reply. You have refuted many ill-informed and, I may add, in some cases malicious charges which have been levelled at the banks. You have done so with a dignity, with a moderation and with a frank sincerity which compel conviction. I believe that your document will stand as an historical defence of the Canadian banking system. If this Commission should do nothing more than to elicit this response it would not, in my judgment, altogether have failed in the task allotted to it."

Central Bank

The President in his remarks has very fully expressed the views held by this Bank upon the proposal to establish a central bank in Canada. I have this to add:

The decision as to the basis on which a central bank shall be set up in Canada will finally be made by the representatives of the people in parliament, and when the decision is made I am sure that the Canadian banks will co-operate as fully as possible towards making the new institution a success. My only concern is that in its formation it shall add to the high credit standing now enjoyed by the Canadian banking system, and that nothing shall be done to weaken in any way the earning power and the ability of the chartered banks to render the best possible service through their branch offices to the public of this country.

In dealing with our existing banking system we are placing our hands on one of the most precious assets of Canada, which has developed with our country over a long period of years. There is no doubt that with such defects as it may have, the Canadian banking system is one of the strongest supports to the high credit standing which Canada has always enjoyed in the financial centres of the world; and while I realize that there might be some Imperial and international advantages in the establishment of a central bank in Canada, it should be possible to achieve these advantages without impairing the strength and solidity of our banks.

Undoubtedly if the note issuing privilege of the chartered banks is taken away from them and the sole right of note issue in this country turned over to a central bank, without full compensating advantages to the banks, it will seriously weaken the earning power and development of the chartered banks, and also affect the high credit standing they have enjoyed, particularly during the past four years, through which we have passed with a record which I venture to say is not surpassed by any other system of banking in the world, including systems with central banking control.

The present bank note circulation is a controlled currency, absolutely secured against the finest assets in the country, and I very much question the advisability of wiping this out and in its place giving a central bank control of the issue of currency. I believe we will be on safer ground if the banks are permitted to retain the power of note issue—at least to the extent of their paid-up capital.

General Conditions

As the President has said, we have passed through another difficult and anxious year, but I am glad to say that as a result of gradual improvement in conditions during recent months we are today under less strain than we were a year ago. There is a more hopeful feeling throughout the country and in spite of the many obstacles that confront us I believe we shall continue to make progress.

Slowly but surely through the long period of depression a great number of our business houses and industrial companies have adjusted their overhead costs and systems of management to meet the serious decline in trade volume, and are today in a position to make good profits with any improvement in business.

Those engaged in agriculture—the great basic industry of this country—who have made heroic sacrifices to pay their way in the production of primary products, which in recent years have had to face world market prices that leave little or no profit for their labour, deserve our sympathy and greatest consideration in their distress. This country cannot again travel the roadway of prosperity until our farmers receive a fair return for their products, and we can only hope that this condition may not be long delayed.

In spite of international difficulties our foreign trade, though down in volume, is favourable.

Our railway problem is still acutely with us, but we can look at the future of these enterprises more hopefully at this time than for some years past in view of the measures which have recently been taken by both systems looking to constructive economies in their operations.

War debts still overhang the world. Our neighbours to the south are engaged with colossal problems towards re-adjustment and in our own country problems of railways, government and taxation, yet unsolved, do not indicate an early return to sound conditions, but if we will tackle the job there is much that we can do to improve our own domestic situation.

The heavy expenditures of governments and municipalities for railways, roads and many other public works prior to 1930, and the subsequent expenditures for relief and provincial aid, all of which have necessitated serious increases in our bonded indebtedness, have resulted in heavier taxation which the red light of defaults, steadily mounting arrears of taxes and unbalanced budgets plainly indicates that the present cost of government in this country must receive our immediate and serious consideration. If the expenses of government cannot be substantially cut down in any other way, it would seem that we may have to reduce the representation in both federal and provincial parliaments, if indeed we may not have to reduce the expense of provincial government by consolidation of such provinces as cannot now bear the cost of their existing governments; and this I believe could be done with a great saving in expense without in any way impairing the efficiency of government of such areas as may be affected.

Turning to the other side of the picture, it is only fair to say that while our problems are difficult and need our serious consideration at this time, Canada remains one of the most favoured nations of the world and while we may have been over-ambitious and somewhat extravagant in our expenditures in anticipation of our future, we are still blessed with an abundance of natural resources, which in these days of mineral production are steadily contributing to our relief and will undoubtedly continue to do so for many years. If we are but wise in the administration of our affairs by cutting out all unnecessary expenses for a period until we are in better adjustment and can move forward on a sound basis, I have no doubt we shall again see an immense increase in our industrial development, be able to absorb a large number of new citizens, preferably from Great Britain, and eventually we shall build a greater prosperity than we have ever seen.

Staff

I again pay my sincere tribute to the 1,100 men and women who comprise our staff, for their continued co-operation and devotion to the interests of the Bank, especially the superintendents in the large centres of our operations and the chief executives who surround me at head office, from whom I have received the most loyal and inspiring support through a year which has necessitated constant consideration of many difficult problems.

THE BANK OF TORONTO

Seventy-eighth Annual General Report

PROFIT AND LOSS ACCOUNT

The Balance at credit of Profit and Loss, on 30th November, 1932, was		$ 496,301.47
The Net Profits for the year, after making full provision for all bad and doubtful debts, amounted to the sum of		1,037,922.22
		$1,534,223.69
This sum has been appropriated as follows:—		
Dividend No. 206, 2½% paid 1st March, 1933	$150,000.00	
Dividend No. 207, 2½% paid 1st June, 1933	150,000.00	
Dividend No. 208, 2½% paid 1st Sept., 1933	150,000.00	
Dividend No. 209, 2½% payable 1st Dec., 1933	150,000.00	
		$600,000.00
Tax on Circulation	$ 59,549.55	
Reserve for Accrued Taxes	100,000.00	
Transferred to Officers' Pension Fund	60,000.00	
Written off Bank Premises	100,000.00	
		319,549.55
Carried forward to next year		614,674.14
		$1,534,223.69

GENERAL STATEMENT, (30th November, 1933)

LIABILITIES

Notes of the Bank in circulation		$ 5,750,284.00
Deposits bearing interest, including interest accrued to date of statement	$74,739,408.17	
Deposits not bearing interest	15,698,326.53	
		90,437,734.70
Advances under the Finance Act		1,500,000.00
Balances due to other banks in Canada (daily exchanges)	658,787.30	
Balances due to banks and banking correspondents in the United Kingdom and Foreign Countries	999,895.64	
		1,658,682.94
Bills Payable		382,500.00
Letters of Credit outstanding		1,272,746.58
Liabilities not included in the foregoing		231,607.58
		$101,233,555.80
Quarterly Dividend, payable 1st December, 1933	150,000.00	
Dividends unpaid	932.74	
		150,932.74
Capital paid up	6,000,000.00	
Rest	9,000,000.00	
Balance of Profit and Loss Account carried forward	614,674.14	
		15,614,674.14
		$116,999,162.68

ASSETS

Current gold and silver coin	$ 386,350.56	
Dominion Notes	7,709,205.00	
Deposit in the Central Gold Reserves	630,866.66	
Notes of other banks	412,535.00	
United States and other foreign currencies	19,053.48	
Cheques on other banks	5,238,934.98	
Balances due by banks and banking correspondents elsewhere than in Canada	3,164,433.97	
		$ 17,561,379.65
Dominion and Provincial Government Securities, not exceeding market value	$33,511,797.73	
Canadian Municipal Securities and British, foreign and colonial public securities other than Canadian not exceeding market value	7,131,491.93	
Railway and other Bonds, Debentures and Stocks, not exceeding market value	1,010,714.76	
	41,654,004.42	
Call and Short (not exceeding thirty days) Loans in Canada, on Bonds, Debentures and Stocks and other securities of a sufficient marketable value to cover	4,083,431.32	
		45,737,435.74
		$ 63,298,815.39
Other Current Loans and Discounts in Canada (less rebate of interest) after making full provision for all bad and doubtful debts	$48,046,085.91	
Non Current Loans (estimated loss provided for)	386,141.10	
		48,432,227.01
Deposit with the Minister for the purposes of the Circulation Fund		$ 315,801.57
Mortgages on real estate sold		44,055.60
Liabilities of Customers under Letters of Credit, as per contra		1,272,746.58
Bank Premises, at not more than cost, less amounts written off		3,635,516.53
		$116,999,162.68

W. G. GOODERHAM,
President

HARVEY B. HENWOOD,
General Manager:

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders of The Bank of Toronto:

We have examined the books and accounts of The Bank of Toronto at its Head Office and have been furnished with certified returns from the branches, and report that the above statement of liabilities and assets as at the 30th November, 1933, is in accordance therewith, and in our opinion discloses the true condition of the Bank. We have verified the cash and the securities representing the Bank's investments held at the Head Office at the close of the Bank's fiscal year, and during the year we counted the cash and examined the securities at certain of the important branches. We have received all the information and explanations we have required, and all transactions of the Bank which have come under our notice have, in our opinion, been within the powers of the Bank.

D. McK. McClelland, F.C.A.
of the firm of Price, Waterhouse & Co.
W. D. Glendinning, C.A.
of the firm of Glendinning, Gray & Roberts.

Toronto, 19th December, 1933.

IMPERIAL LIFE BUSINESS ISSUED AT $24,744,000

Balance Sheet Strengthened — Dividend Scale Increased

Maintenance of surplus within 6 per cent of the 1933 figure after appropriating over $900,000 for revaluation of ledger assets was reported in the annual statement of Imperial Life of Canada presented at the company's annual meeting this week. The company reported having written down its stocks, bonds and debentures to "substantially less" than the amount authorized by the federal insurance department and that in addition to free surplus at the end of the year of $3,169,400 contingency reserve of $1,000,000 the company's provision for assurance and annuity liabilities exceeds government requirements by over $1,100,000.

The company also announced a slight increase in the scale of dividends to policyholders.

New Business of 9.4 Per Cent

New business issued and revived during the year totalled $24,744,000, a decline of 9.4 per cent from the corresponding figure of 1932. Total business in force at the end of the year was $279,718,959, a decrease of 4 per cent from the 1932 total. Average interest earnings were 5.36 per cent against 5.52 in 1932, while income from investments was slightly higher than a year ago. Disbursements to policyholders, etc., showed an increase, while net premium income declined.

Comparative figures follow:

	1933 $	1932 $
New Business		
New Bus. Issued & Revived	24,743,673	27,321,794
Bus. in force (Dec.31)	279,718,959	291,380,798
Income and Disbursements		
Net prem. income	9,849,354	10,197,344
Interest, etc.	3,404,413	3,348,368
Total	13,253,767	13,545,712
Benefits paid†	9,083,997	8,971,333
Interest earned (rate %)	5.36%	5.52%
Assets and Liabilities		
Total assets	68,573,416	67,465,960
Net ledger assets	65,233,510	63,984,164
Mortgages	14,729,025	14,985,112
Stocks	2,232,834	2,343,065
Bonds & debentures	30,575,063	29,362,174
Policy loans	14,381,167	14,494,546
Policy reserves*	57,877,840	57,254,104
Free surplus	3,160,406	3,364,975

†To policyholders and beneficiaries and exclusive of supplementary contracts.

*In addition the company had in 1933 and 1932, a general contingency reserve of $1,000,000, and $50,000 reserve for unreported claims.

The company's balance sheet shows few changes of importance other than a gain of over $1,000,000 in total and net ledger assets and a sharp increase in real estate held from $676,443 a year ago to over $1,000,000. Policy loans are slightly lower at $14,381,000. Amounts of loans actually in cash exceeded those so repaid in 1932.

New Director

Reference was made at the annual meeting by G. A. Morrow, president of the company, to appointment of Mark H. Irish to the directorate of the company. Mr. Irish, whose appointment was announced recently, fills the vacancy left by the death of James Ryrie. Analysis of the company's investments, according to Mr. Morrow, shows a distribution of assets among various classes of securities as follows: First mortgages on real estate, 22.6 per cent; head office building, 1.5 per cent; real estate owned, 1.5 per cent; bonds and debentures, 46.9 per cent; stocks, 3.4 per cent; loans on the company's policies, 22.1 per cent; cash in banks, 2 per cent. Of bonds and debentures, over one-half of the total are bonds of or guaranteed by Dominion or Provincial Governments or the larger Canadian and American cities. Of mortgages the bulk are in urban properties and $2,875,000 or 4.4 per cent invested assets in farm loans in Western Canada.

Appointed Deputy Assistant Nfld. Dept. of Justice

Harry P. Carter, barrister and solicitor, of St. John's, has been appointed Assistant Deputy Minister in the Department of Justice, Newfoundland. His appointment dated from the beginning of the year.

Born in Newfoundland, Mr. Carter studied law in England for some years before being called to the Newfoundland bar in 1926.

Grand Trunk Stocks To Continue Battle

From Our Own Correspondent

MONTREAL.—Grand Trunk Junior Stocks Ltd. is seeking additional funds with which to defray legal expense in securing redress for alleged grievances against the Grand Trunk Railway Co. and the Canadian Government by means of litigation.

Acting on behalf of the first preference, second preference, third preference and consolidated stock of the Grand Trunk, the company has sought redress before the Canadian courts, but their claims have been disallowed.

In the report of the directors, dated August 31, 1933, it is pointed out that in January last year legal proceedings were instituted. Counsel for the Grand Trunk Junior Stocks set forth three points of law for argument. These were disallowed by the courts. Before taking further action it was decided to submit these points of law to the Judicial Committee of the Privy Council.

In order to do this those members of Grand Trunk Junior Stocks are being asked to send to the treasurer a minimum donation of 10 shillings. Considering the company has some 7,000 members, it is expected that the aggregate sum realized will be sufficient to defray further legal expense.

In the event that sufficient money is not raised to carry on legal proceedings, the directors point out that "all efforts made in the past will have proved to be of no avail, and your directors will be most reluctantly compelled to abandon the litigation."

Street Cars Drop $96,000; Bus Makes $2,700

From Our Own Correspondent

REGINA. — While Regina's street car system will have an expected deficit of $96,000 for 1933 the lone municipal bus which has operated on a short run will have a surplus of $2,747. The bus carried 168,844 passengers. There was a decline in the number of passengers carried by the municipal street cars. The 1933 total was 3,794,676 and for 1932, 4,114,293.

Net reduction in passenger fares including the bus was 195,733 for the year during which there was heavy traffic during the World Grain Show two weeks in August.

Mortgage Finance Corp. Bondholders to Get Cash

MONTREAL.—Holders of the collateral trust participating 7½ per cent 15 year bonds of the Mortgage Finance Corp. (in liquidation) will shortly receive a first payment of 15 per cent of the face value of their bonds, according to a public notice issued by the National Trust Co., as trustees. The notice says that this money has been realized by the trustees from mortgaged premises.

CAN. GEN. INVEST. SHARES EARNED 36½c IN 1933

Liquidating Value of Shares is Up to $7.01 From $5.65 in 1932

Improvement in security prices during 1933 is reflected in the statement of Canadian General Investments Ltd. although the tendency shown during the major part of the year for dividends to be reduced or passed resulted in lower earnings for the investment trust. Liquidating value of the shares at December 31, 1933, was $7.01 as compared with $5.65 at the end of 1932 and approximately $7.50 at June 30, 1933. Earnings per share equalled 36.5 cents of which 17.98 cents was earned in the first six months. In 1932 earnings equalled 44 cents. Dividends paid during 1933 amounted to 35 cents.

Income from investments dropped to $286,306 from $356,452 in 1932. Interest on loans and income taxes were lower. Reduction in dividend rate effected during 1932 permitted the company to add $12,591 to surplus. Income and surplus account is as follows:

Years Ended December 31

	1933 $	1932 $
Total income	286,306	356,452
Less: Int. on loans	24,619	41,888
Management fee	25,000	25,969
Miscellaneous	2,484	3,208
Income tax res.	10,316	14,272
Net income	223,887	271,095
Less: Dividends	211,296	271,637
Surplus for year	12,591	†542
Add: Prev. surp.	48,181	48,723
Balance forward	60,772	48,181

Cash is shown at $26,679. Investments are carried at $5,169,236 which had a market value of $4,691,680 at December 31, 1933. At the end of 1932 book value of investments was $6,848,865 and market value was $4,248,192. Reduction in book value of investments was effected by reducing the book value of 612,444 shares from $10 to $5 thereby increasing capital surplus by $3,062,220. From this was appropriated $1,219,383 for writing down the book value of investments. Net realized loss on securities sold was $93,575.

Loan Is Reduced

Liabilities include a loan of $390,000 which compares with a loan of $828,477 at the end of 1932. Accounts and dividends payable total $87,043. The 612,336 shares now outstanding are carried at $2,848,785 after deducting amounts unpaid. Capital surplus is $1,861,230 and surplus account $60,772.

The company now holds 282 securities as compared with 286 in 1932 but during the past year a number of changes have been made although this involved a realization of book losses. In addition to purchasing securities primarily for assured income, substantial investments have been made, which, it is stated, will permit of capital appreciation and which hold promise of early dividend resumption.

Chief change in classification of investments during 1933 was decrease in holdings of bank and trust company stocks from 26.8 per cent to 13.9 per cent. Securities of utility companies increased to 16 per cent of the portfolio from 11.8 per cent; mining and smelting stocks, exclusive of gold, were increased to 8.8 per cent from 3.3 per cent while gold stocks were reduced from 1½ per cent to sell under 1 per cent.

The classification of the portfolio according to type of investment is as follows:

Classification According to Type of Investment

	1933 %	1932 %
Cash	1.6	3.3
Bonds and debentures	26.8	23.8
Preference shares	23.2	18.2
Bank & trust company stks.	14.1	26.8
Common shares	34.3	27.9

Bank Director

AUBREY DAVIS

Vice-president and managing director of Davis Leather Co., Newmarket, Ont., who was elected a director of the Bank of Toronto, following the recent annual meeting of the bank. Mr. Davis was president of the Tanners' Association of Canada from 1930 to 1933.

B. C. BOND DEALERS PICK 1934 OFFICERS

G. Lyall Fraser, President—Expect to Discuss Government Finance

From Our Own Correspondent

VANCOUVER—Several important issues such as provincial financing, federal legislation and municipal loans will occupy the attention of the British Columbia Bond Dealers Association this year, according to G. Lyall Fraser, who has been elected president to succeed P. Whitehead.

Mr. Fraser represents the Western City Co. in Vancouver. The vice-president is Hugh Allan of Robb, Robertson & Burch, Victoria. J. B. Stevenson of J. B. Stevenson & Co. continues as secretary-treasurer.

The new executive council is composed of C. G. Fullerton, A. E. Ames & Co.; W. G. MacDonald, C. M. Oliver & Co.; A. M. Brown, V. W. Odlum & Co.; E. G. Burrell, Western City Co.; R. Morrow, Pemberton & Son; H. W. G. Henderson, A. E. Ames & Co., Victoria.

Failures under the Bankruptcy Act for the week ending January 6, show a decrease of 4, the figures being: 1933—30 and 1934—26.

LOW COST TOURS

MARDI GRAS at NEW ORLEANS

$69.50 and up — TOUR A—Pullmans for the entire trip

$79.00 and up — TOUR B—Pullmans en route, Hotel in New Orleans

ALL EXPENSES FROM CHICAGO

including the Beautiful Mississippi

GULF COAST

Banish every worry. Revel in the joyous carefree realm of make-believe, America's supreme carnival. Six days of merriment. Join Illinois Central's sixteenth Mardi Gras party, to the gayest and greatest of festivals.

Combined Mardi Gras-Mexico tour. Two weeks of thrills—three days in New Orleans—six days in Mexico City, $212.00 and up from Chicago.

All tours leave Chicago February 11th.

New Low Rail Fares are in effect every day to all the sunny south. Pullman surcharge is abolished—saving one-third.

TWO FINE TRAINS DAILY FROM CHICAGO

The Creole 9:45 a. m. The Louisiane 6:15 p. m.

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Other features during Mardi Gras

Pan-American Air Races February 9 to 13 and dedication Shushan Airport. Horse Racing daily except Sunday. Visit French Quarter, famous restaurants, and other interesting spots.

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Please send, without cost to me, complete information about Mardi Gras.
☐ Tour A ☐ Tour B ☐ Combined Mardi Gras-Mexico tour.

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Illinois Central
THE ROAD OF TRAVEL LUXURY

WEEK'S CANADIAN STOCK AND BOND QUOTATIONS

Montreal, Toronto and Curb Markets

WEEK ENDING JANUARY 13

[illegible]

Active Unlisted Bonds

(Furnished by A. J. Pattison, Jr. & Co., Limited)
January 16, 1934

Industrial Bonds—		Bid January 16	Asked January 16	Bid Jan. 9
Abitibi P. & P. 5% 1953	F	24.00	27.00	20.00
Abitibi P. & P. C.O.D.	F	23.00	24.00	18.00
Acadia Sugar 6% 1946		96.00	97.50	95.50
Alta. Pacific Grain 6% 1946		70.00	73.00	68.50
American Sales Book 6% 1939		97.00	....	97.00
Asbestos Corp. 6% 1941	F	42.00	45.00	29.00
B. A. Oil 5% 1945		99.00	101.00	99.00
B. C. Pulp 6% 1950	F	48.00	51.00	45.00
B. C. Pulp 7% 1950	F	15.00	....	11.00
Burns 5½% 1948	F	32.00	33.00	31.00
Can. Biscuit 6½% 1946	F	13.00	17.00	12.00
Can. Bread 6% 1941		91.00	93.00	90.00
Can. Cement 5½% 1947		86.50	88.50	80.00
Can. Steamship 6% 1941	F	19.50	21.50	17.50
Can. Canners 6% 1950		97.50	99.00	96.00
Can. Copper Refin. 6% 1945		104.50	106.50	104.00
Can. Cottons 5% 1940		95.00	97.00	95.00
Can. Vickers 6% 1947		50.00	53.00	51.00
Cons. Invest. 4½% 1959	F	53.50	56.00	53.50
Davies, Wm. 6% 1942		97.00	99.00	98.00
Debenture & Sec. 4% 1936		67.00	....	67.00
Dom. Tar & Chemical 6% 1949		66.50	....	65.00
Dom. Textile 6% 1949		105.00	106.50	104.50
Dom. Woollens 6% 1948	F	23.00	25.00	23.00
Donnacona Paper 5½% 1948	F	29.00	31.00	26.00
Eastern Dairies 6% 1949		53.00	55.00	63.00
Famous Players 6% 1948		79.00	82.00	78.50
Federal Grain 6% 1949		64.00	68.00	64.00
Firestone Tire 7% 1937		96.00	100.00	104.50
Fraser Co. 6% 1932	F	41.00	....	40.00
Fraser Co. 6% 1950	F	30.00	32.00	25.00
Galt Brass 7½% 1941	F	23.00	....	23.00
Gen. Steel Wares 6% 1952		66.00	70.00	59.00
Goodyear Cotton 6% 1949		103.00	104.00	103.00
Great Lakes 6% 1950	F	28.00	31.00	24.00
Gypsum, Lime & Alab. 5½% 1948		58.00	60.00	58.00
Hamilton By-Prod. 7% 1943		88.50	91.00	88.50
Harris Abattoir 6% 1947		102.50	103.00	101.00
Howard Smith 5½% 1953		82.00	84.00	76.00
Lake St. John 6½% 1947	F	37.50	....	37.00
Lake St. John 6½% 1942	F	10.00	....	9.50
Loew's Toronto 6% Serial		97.00	....	97.00
Maple Leaf Milling 5½% 1949		31.00	34.00	31.00
Massey-Harris 5% 1947		68.00	73.00	65.00
McColl-Frontenac 6% 1949		96.00	98.00	96.00
McKinnon Industries 6½% 1945		97.00	....	94.00
Mercury Mills 5½% 1953		55.00	....	54.00
Minn. & Ont. 6% Serial	F	10.00	15.00	7.50
Price Bros. 6% 1943	F	65.00	67.00	64.00
Provincial Paper 5½% 1947		88.00	90.00	88.00
Simpsons Ltd. 5½% 1949		74.00	....	74.00
Simpsons Ltd. 6% 1949		82.00	84.00	80.00
Steel of Canada 6% 1940		104.50	105.50	104.50
Stop & Shop 6% 1947		72.00	....	72.00
Toronto Carpet 6% 1944		90.00	....	90.00
United Corpns. 5% 1953	F	64.00	66.00	63.50
United Gas & Fuel 5½% 1948		63.00	66.00	63.00
United Grain Growers 5% 1948		73.00	75.00	73.00
Dom. Telegraph 5½% 1978 A		80.00	85.00	80.00
United Grain Growers 5½% 1949		76.00	....	76.00
Wabasso Cotton 7% 1942		70.00	75.00	75.00
Western Grain 6% 1949		43.00	....	42.00
Public Utility Bonds—				
Bell Telephone 5% 1955		103.00	104.00	102.00
B. C. Power 5½% 1960		93.00	94.00	91.50
B. C. Telephone 5% 1960		95.00	96.50	94.50
Calgary Power 5% 1960		86.00	87.00	86.00
Can. Northern Pwr. 5% 1953		84.00	87.00	83.00
Duke-Price Pwr. 6% 1966		79.00	80.00	77.25
French Natl. Mail SS 6/52		125.00	135.00	125.00
Gatineau Pwr. 6% 1941 A		71.50	73.00	68.25
Gatineau Pwr. 5% 1956		81.00	82.00	80.00
Maclaren Quebec 5½% 1961		84.00	85.50	83.50
Manitoba Power 5½% 1951		41.00	43.00	39.00
Montreal LH&P 5% 1970		104.00	106.50	104.50
Montreal Tram. 5% 1941 July		96.00	98.00	96.00
Northwest. Utilities 7/38		98.00	101.00	98.00
Ottawa Valley Pwr. 5½% 1970		101.00	103.00	101.00
Quebec Power 5% 1968		91.25	93.00	92.00
Rio Tramways 5% 1935		101.00	102.50	101.00
Shawinigan W. & P. 5% 1970		85.00	86.00	84.00
Shawinigan W. & P. 6% 1987		96.50	97.25	96.00
Southern Can. Pwr. 5% 1955		99.00	100.00	99.00
West Kootenay Pwr. 5% 1956		98.50	100.00	98.50
Realty Bonds—				
Albert Bay 6½% 1942		50.00	55.00	50.00
Balfour Bldg. 6% 1943		40.00	43.00	35.00
Bloor St. George 7% 1946	F	32.00	35.00	32.00
Clarendon Apts. 7% 1946	F	25.00	28.00	27.00
Eaton Realty 5% 1949		91.50	93.00	89.00
Godfrey Realty 6% 1942	F	35.00	37.00	36.00
General Brock Hotel 6/48	F	25.00	....	25.00
London Realty 6½% 1950	F	47.00	50.00	43.00
Lord Nelson Hotel 4% 1947		45.00	50.00	44.00
Mayor Bldg. 6½% 1942		35.00	40.00	30.00
Metropolitan Bldg. 7% 1944		88.00	91.00	88.00
National Realty 7% 1945	F	24.00	26.00	24.00
Northern Ont. Bldg. 6½% 1939		73.00	75.00	73.00
Richmond Bay 6½% 1947		68.00	72.00	68.00
Windsor Hotel 6% 1947		45.00	50.00	45.00
Government, Provincial & Railway—				
C. N. R. 4½% 1957 Dom. Gtd.		99.00	100.25	99.50
C. N. R. 5% 1969 Dom. Gtd.		106.00	106.50	106.00
C. P. R. 4½% 1944		78.00	79.00	76.00
C. P. R. 6% 1942		101.50	102.25	101.00
Dom. of Can. 5% 1936		103.00	104.00	102.25
Dom. of Can. 5% 1941		103.00	104.00	103.25
G. T. P. 3% 1962 Dom. Gtd.		85.50	86.50	85.00
G. T. P. 4% 1962 Dom. Gtd.		96.50	97.50	96.00
Ont. Hydro 3½% 1952 Ont. Gtd.		92.00	93.00	92.00
Ont. Hydro 4% 1957 Ont. Gtd.		93.50	94.25	93.50
Prov. of N. B. 5½% 1950		104.00	105.00	104.00
Prov. of Ont. 5½% 1946		107.00	108.00	107.00
Prov. of Ont. 5% 1948		103.00	103.50	103.50
Prov. of Ont. 4½% 1944		101.00	102.00	101.00

F—Traded without accrued interest.

Listed Bond Quotations

Week Ending January 15, 1934

Montreal	Int. Rate	Due	Yield	Latest Bid	High	Low	Range, 1933-34 High	Low
Abitibi, 1st mtge.§	5	1953	...	24½	22½	...	19½	13
Asbestos	5	1942	...	68	...	...	*65½	49
Can. Cons. Rub.	6	1946	...	...	...	...	62	...
Can. Cottons	5	1940	8.11	94	...	...	84½	...
Can. Forgings	6	1942	...	...	...	...	*100	...
Can. S.S. Debs.	5	1943	...	66	...	...	*83½	...
Cedars Rapids	5	1953	4.64	103	...	...	108	104½
Dom. Canners	6	1940	...	...	...	...	‡103	...
Dominion Coal	5	1940	...	...	...	...	37	...
McNish	6	1948	...	4.00	4.25	3.75	4.25	1.00
Mex. L. & Pr.	5	1940	...	†59	...	...	*73½	70½
Mtl. L.H.&Pr. debs.	3	1939	...	44½	44½	43½	47½	39½
Mont. Tr. 1st mtg.§	5	1941	5.53	...	...	...	98½	95½
Mont. Trams. A§	5	1955	7.12	77	77	75½	81½	58
Do., G. & Ref. B	5	1955	7.44	...	...	...	74½	73½
Do., C	4½	1955	9.03	...	...	...	57	57
Do., D	5	1955	7.41	...	...	...	77½	76½
N. S. Steel	5	1959	...	...	...	...	*62½	58
Ontario Steel	6	1943	7.43	87½	...	...	90	80
Porto Rico Pr.	5	1936	...	...	...	...	*93	88
Steel of Canada§	6	1940	...	105	...	...	*102½	100
Wayagamack	6	1951	...	...	...	...	*75	45
Winnipeg Elec.§	5	1935	...	76½	...	...	79	75
Toronto								
Canada Bread	6	1941	...	...	...	...	*101½	100
Steel of Canada	6	1940	...	...	...	...	*101½	...
Dominion Govt. Bonds (Montreal)								
War Loan§	5	1937	3.16	104.75	....	....	116.25	107.00
Do.	5½	1934	3.65	101.00	101.25	....	102.60	100.95
Do.	5½	1937	3.35	107.00	....	....	110.25	109.25
Do., refund	4½	1940	4.50	101.00	....	....	101.25	99.70
Do., refund	5	1943	4.50	103.25	....	....	104.00	101.85
Do., refund	4½	1944	4.36	100.50	....	....	100.50	98.25
Do., refund	4½	1946	4.36	100.50	....	....	*92.25	91.50
Do., renewal	4	1952	4.35	95.00	....	....	95.25	91.63
Do., refund	4	1945	4.43	95.25	....	....	96.50	95.55
Conversion Loan	4½	1956	4.57	98.75	....	....	100.70	97.00
Do.	4½	1957	4.57	98.75	....	....	99.00	96.00
Do.	4½	1958	4.51	98.75	99.75	....	100.75	97.75
Do.	4½	1959	4.50	99.25	....	....	100.80	97.50
Nat. Service Loan	5	1936	3.87	102.00	....	....	103.25	101.50
Do.	5	1941	4.43	103.00	....	....	103.75	100.75
Dom. Loan	4	1935	3.70	100.00	....	....	99.75	99.75
Unlisted:								
Cons. Paper	5½	1961	...	....	16	13½	....	....
Can. For. Inv. deb.	7	1949	...	100.00	....	....	100.00	80.00

†Latest ask. ‡Quotations for 1930. *For 1931. *For 1932. None recorded in 1933-34 to date. §Payable in Canada and N. Y.

Winnipeg Stock Exchange

(Transactions for week to January 13)

Div. Rate in $	Yield in %		Sales	High for week	Low for week	Close Jan. 13
..	..	Amal. Electric pref.	20	10	10	10
..	..	Bobjo	500	.25	.25	.25
..	..	Central Manitoba	1,000	.14½	.14½	.14½
..	..	Federal Grain, pref.	10	12	12	12
..	..	Gen. Steel Wares pfd.	10	16	16	16
7	7.1	Inter. Milling, pref.	5	99	99	99
..	..	Mercury Oil	100	.20	.20	.20
..	..	San Antonio	593	1.78	1.75	1.78
1	10.5	United Grain Growers	4	9½	9½	9½
..	..	Walker, Hiram	25	54½	54½	54½
..	..	Western Breweries	10	1	1	1

Stocks Not Traded in During Week*

	Bid	Ask		Bid	Ask
Beaver Lumb. pref.	..	65	Pelissiers, pref.	25	30
Beaver Lumber c.	..	4	Sovereign Life	10	15
Can. Fire Ins.	50	..	Traders Bldg. Assn.	65	..
Cres. Creamery pf.	10	..	Can. Amer. Tr. shs.	..	3.00
Gt. West Life	320	..	Can. Invest. Fund	..	3.40
Home Investment	20	..	Fundamental Ser. A	..	4½
Monarch Life 10% pd.	17	..	Fundamental Ser. B	..	3½
Nor. Mtg. part pd.	..	5	Group Income Shs.	..	4.35

*Stocks more active on other exchanges not included.

Note re Unlisted Securities

Although The Financial Post strives to obtain the closest quotations possible on the unlisted stocks and bonds in the various tables on this page and the adjoining page, the quotations are not guaranteed and no responsibility is assumed in connection with them. In inactive markets, many quotations can be little more than nominal but it is felt that even a nominal quotation giving an idea of approximate price is better than none at all.

Unlisted Canadian Stocks

(Furnished by A. J. Pattison, Jr. & Co., Limited)
Investment Bankers, Toronto.
January 16, 1934

Industrial Stocks:	Bid	Asked
Acadia Sugar c.	1.65	2.00
Acadia Sugar 6% pfd.	4.25	4.75
Agnew-Surpass 7% pfd.	62.00	65.00
Allens London 7% pfd. bonus c.	35.50	....
Allens St. Cath. 7% pfd. bonus c.	35.50	....
Allens Toronto 7% pfd. bonus c.	19.00	....
Andian National Corp.	29.00	31.00
Atlantic Sugar A pfd.	85.00	....
B. C. Pulp & Paper pfd.	7.00	....
Burns pfd. bonus com.	4.00	6.00
Canada & Dom. Sugar	36.00	38.00
Canada Machinery, com.	3.75	5.00
Canada Machinery, pfd.	18.25	....
Can. Packers c.	38.50	40.50
Can. Packers pf.	98.50	100.50
Canada Starch c.	5.00	....
Canada Starch 7% pfd.	75.00	....
Canada Wire & Cable pfd. WW	61.00	65.00
Can. Industries com. A	118.00	....
Can. Industries com. B	118.00	122.00
Can. Industries 7% pfd.	125.50	130.00
Can. Westinghouse	44.50	47.50
Chase, A. W. pfd. bonus c.	18.00	22.00
Claude Neon Gen. Adv. Units	3.50	....
Dom. Foundries & Steel com.	5.25	7.50
Dom. Foundries & Steel pfd.	41.00	....
Dom. Manufacturers 7% pfd.	....	60.50
Dunlop Tire 7% pfd.	62.00	66.00
Eastern Dairies Ltd., 7% pfd.	12.00	18.00
Federal Grain 6½% pfd.	14.00	18.00
Gen. Steel Wares pfd.	15.00	17.00
Goderich Elevator & Transit	6.00	7.25
Greening Wire 7% pfd.	52.00	....
Guelph Carpet 6½% pfd.	74.00	....
Guelph Carpet com.	6.25	....
Harding Carpets Ltd. Units	15.50	....
Highland Dairy Ltd. com.	4.00	....
Highland Dairy Ltd. 7% pfd.	61.00	....
Inter City Baking com.	16.00	18.00
Inter. Proprietaries A	32.75	34.00
Loew's London c.	.25	.75
Loew's London pfd.	3.15	4.25
Loew's Toronto 7% pfd.	56.00	60.00
Massey-Harris 5% pfd.	16.00	....
Mount Royal Hotel com.	.25	.80
Mount Royal Hotel 6% pfd.	2.00	3.00
National Grocers com.	1.90	2.40
National Grocers 7% pfd.	91.00	93.50
Paramount Kitchener, pfd.	31.00	....
Paramount Oshawa, pfd.	35.00	....
Provincial Paper 7% pfd.	72.50	76.00
Reliance Grain 6½% pfd.	35.00	39.00
Robinson Consol. Cone	6.00	7.50
Rolland Paper 6% pfd. WW	48.50	....
Ruddy, E. L. pfd.	8.50	....
Serv. Stations A pfd.	28.00	35.00
Standard Clay Products c.	....	15.00
Standard Fuel 6½% pf. bonus	68.50	71.00
Supersilk pfd. bonus	36.50	....
Supertest Petroleum B pfd.	19.00	21.25
Thayers Ltd. pfd.	19.50	....
Toronto Elevators 7% pfd.	89.00	....
Toronto Housing com.	14.00	....
United Corpns. Ltd. A	6.00	7.25

Ind. Stocks cont'd	Bid	Asked
United Corpns. Ltd. B	1.50	2.25
United Grain Growers	8.00	11.00
Western Grain 6½% pfd. bonus	5.50	11.00
Western Grocers pfd.	85.00	89.00
Willards Chocolates pfd.	13.50	18.00
Wood, Alex. & James pfd.	16.50	....
Zimmerknit com.	2.75	5.00
Insurance Stocks:		
Br. Amer. Assce.	24.50	....
Can. Life Assce.	395.00	....
Candn. Fire Ins.	50.00	....
Confederation Life 20% pd.	120.00	126.00
Continental Life 20% pd.	35.00	....
Crown Life Ins.	95.00%	....
Dom. Fire Ins.	85.00	....
Dominion Life 50% pd.	155.00	....
Dom. of Can. Gen. Ins.	103.50	110.00
Empire Life 25% pd.	9.25	12.00
Excelsior Life 30% pd.	72.50	....
Federal Fire 25% pd.	36.00	....
Great West Life Assce.	315.00	....
Guar. Co. of N. A. fully paid	201.00	225.00
Guar. Co. of N. A. 20% pd.	40.50	....
Imperial Life	265.00	....
Manufac. Life	205.00	215.00
Monarch Life 10% pd.	17.50	21.00
National Life 25% pd.	51.00	62.00
Sovereign Life 25% pd.	....	20.00
Sun Life Assur.	410.00	....
Western Assur. c.	14.50	18.00
Western Life 20% pd.	9.00	12.00
Trust & Loan Stocks:		
Br. Mtg. & Trust	115.00	130.00
Chartered Trust	56.50	....
Eastern Can. Sav. & Loan	111.50	115.00
Eastern Trust	135.00	140.00
London & Western Trust	33.00	....
Premier Trust	78.50	....
Security Loan & Savings	90.00	....
Sherbrooke Trust	100.50	110.00
Sterling Trust	....	44.50
Traders Finance 7% A pfd.	34.00	....
Victoria Trust & Savings	130.00	139.00
Waterloo Trust & Savings	90.50	105.00
Investment Trust Shares:		
Can. Gen. Invest. Ltd. ex-div.	4.95	5.25
Can. Invest. Fund Ltd.	3.20	3.40
Can. Investors Corp.	4.75	6.00
Consol. Div. Standard Sec. pfd.	11.00	....
Debenture & Sec. 5% pfd.	12.00	....
Dom. & Anglo Invest. Units	156.50	....
Dom. Scottish Invest. Units	14.00	18.00
Investment Foundation Units	28.00	31.00
Sec. Holding Corp. pfd.	7.50	....
Power Issues:		
Calgary Power 6% pfd.	75.50	78.50
Can. Light & Pwr. com.	17.00	21.00
Can. West. Nat. Gas LH&P pfd.	79.50	83.00
Great Lakes Pwr. pfd.	40.50	....
Maritime Tel. & Tel. com.	9.50	10.75
Maritime Tel. & Tel. 7% pfd.	10.75	12.00
N. B. Telephone c.	8.25	9.00
N. S. L&P. c.	25.00	34.00
N. S. L&P 6% pf.	73.00	....

Recent London Quotations:

Brewers & Distillers	10s. 3d.
Can. & For. Secs.	4s. 6d.
Can. West. Lumber	1s. 9d.
Hudson's Bay	26s.
Do., 5% pref.	87s. 6d.
Internat. Holdings	31⅝
Nfld. Pr. & Pap. deb. stock B 5½%	94½
Tor. Sub'an 4½% deb. stk.	20

Unlisted Mining Stocks

January 16, 1934

	Bid	Ask		Bid	Ask
Algoma M. & Fin.	.10	.15	Lamaque Gold	.75	1.25
Arntfield Gold	.65	.75	Little Long Lac.	1.33	1.37
Arntfield Synd.	.60	.75	McCarthy Webb.	.07	.09
Astoria Rouyn	.02	.03½	Mackenzie Red Lake	.48	.50
Bathurst	.04	.05	McL. Cockshutt	.14	.18
Beattie	1.28	1.32	Makwa Cham.	.25	.28
Bidgood	.01½	.02½	Man. & Eastern.	.05	.06
Buff. Ankerite	1.34	1.38	Maple Leaf M.	.39	.42
Buff. Rouyn	...	.03	Matachewan Can.	.08	.10
Bussieres Min.	...	.40	Mecca Gold	.20	.23
Can. Radium	.06	.10	Metals Develop.	.02½	.03½
Canusa Mining	.03½	.05	Minefinders	1.00	..
Cochenour-Wil. Units	15.00	20.00	Minrand Gold	.22	.30
Continental Gas.	.02½	.05	Montreal-Alb. Petroleum	.38	..
Continental Gold Units	...	125.00	N.A.M.E. Units	5.00	8.00
Continental Kir.	..	.05	Normetal Min.	.40	.60
Crown Reserve	.01	.02½	Northl'd Pros.	500.00	600.00
Delta Units	30.00	50.00	N. Tiblemont Un.	...	13.00
Dorval Siscoe Units	...	15.00	O'Connell Gold	..	.30
Dunkin	...	.01	Oro Grande Dev.	.50	.70
Dunlop Cons.	.01½	.02½	Pandora	.17	.19
Eagle Oil	1.35	1.50	Peninsular Pet.	.00½	.01
Echo Bay Explor.	...	.35	Pontiac Rouyn	.45	.50
Edgecreek Un.	10.00	16.00	Que. Eureka Un.	13.00	17.00
Flintoba	..	.01	Quebec Pros.	2.50	..
Galatea Units	15.00	25.00	Quetario Pros.	...	2.00
Glenora Gold	.25	.35	Rubec Mines	.01	.02
God's Lake	.81	.84	Silverore Un.	10.00	12.00
Gold Bar Mines	.23	.25	Silveradium Un.	60.00	75.00
Goldside Units	24.00	30.00	Silver Valley	.13	.18
Gr. Bear Lake	.65	.70	Smelter Gold	.28½	.30
Grenteck Un.	10.00	15.00	Sourdough Un.	5.00	10.00
Gunnar Gold	.81	.85	Sun Bear	..	.22
Herbin Lake Un.	10.00	16.00	Sunorea Explor.	1.00	1.15
Horseshoe	.07	.11	Swayze Contact	.16	.20
Iroquois Kirk.	.17	.19	Tiblemont Island	.17½	.20
Island Lake	.07	.09	Tom Montgomery Un.	..	150.00
Kenty Gold	...	1.10	Tyrrell Tp. McN.	..	40.00
Kirk. Gold	.09	.14	West McWatters Units	5.00	9.00
Lake Geneva	.10	.16	Wendigo	.25	.35
			Young Davidson	.26	.29

The above table is made up from quotation sheets of several brokers. The Financial Post does not guarantee the quotations but can supply any subscriber with the name of the broker from whose sheet any particular quotation was taken.

Dividends Declared

	Present Annual rate	Amt. this payment	Date payable	Date of record
Agnew Surpass, c.	...	20c	Mar. 1	Feb. 15
Do., pref.	7%	1¾%	Apr. 2	Mar. 15
Bank of Toronto	$10	$2.50	Mar. 1	Feb. 15
B. C. Telephone, 1st pfd.	$6	$1.50	Jan. 2	Dec. 15
Do., 2nd pref.	$6	$1.50	Feb. 1	Jan. 15
Beatty Bros., pref.	6%	1½%	Feb. 1	Jan. 15
Belding Corticelli, c.	$4	$1	Feb. 1	Jan. 15
Calgary Power, pref.	6%	1½%	Feb. 1	Jan. 15
Can. Bronze	60c	15c	Feb. 1	Jan. 19
Do., pref.	$7	$1.75	Feb. 1	Jan. 19
Canada Northern Pr. c.	80c	20c	Jan. 25	Dec. 30
Do., extra	..	10c	Jan. 25	Dec. 30
Canada South. Rly. c.	$3	$1.50	Feb. 1	Dec. 29
Can. Converters	$2	50c	Feb. 15	Jan. 31
Can. Dredge	50c	50c	Feb. 1	Jan. 17
Do., pref.	$7	$1.75	Feb. 1	Jan. 17
Dome Mines	1	25c	Feb. 1	Jan. 12
Do., extra	..	25c	Feb. 1	Jan. 12
Dominion Bridge	$2	50c	Feb. 15	Jan. 31
Do.	..	50c	May 15	Apr. 30
Eastern Theatres, pref.	7%	3½%	Jan. 31	Dec. 30
Humberstone Shoe	$2	50c	Feb. 1	Jan. 15
Howey Gold	..	†3c	Feb. 20	Jan. 20
Hollinger Gold	65c	5c	Jan. 29	Jan. 12
Imperial Bank	10%	2½%	Feb. 1	Dec. 31
Inter. Nickel, pref.	7%	1¾%	Feb. 1	Jan. 2
International Utilities pfd.	$3.50	87½c	Feb. 1	Jan. 20
Do., pref.	$1.75	43¾c	Feb. 1	Jan. 20
Model Oils	...	3c	Jan. 20	Jan. 2
Montreal L. H. & Pr.	$1.50	38c	Jan. 31	Dec. 31
Northern Ont. Pr. pref.	$6	$1.50	Jan. 25	Dec. 30
Do., com	$2	50c	Jan. 25	Dec. 30
National Biscuit, c.	$2.80	70c	Jan. 31	Jan. 12
Penmans	$3	75c	Feb. 15	Feb. 5
Do., pref.	6%	1½%	Feb. 1	Jan. 22
Piggly Wiggly pref.	$7	$3.50	Jan. 15	......
Royal Bank	$8	$2	Mar. 1	Jan. 31
Russell Motor, pref.	4%	1%	Feb. 1	Dec. 30
Southern Can. Power, c.	80c	20c	Feb. 15	Jan. 31
Steel of Canada	$1.20	30c	Feb. 1	Jan. 8
Do., pref.	$1.75	43¾c	Feb. 1	Jan. 8
Sylvanite Gold	..	2½+2½c	Jan. 31	Jan. 10
St. Lawrence Flour	$1.50	37½c	Feb. 1	Jan. 20
Do., pref.	$7	$1.75	Feb. 1	Jan. 20
Shawinigan W. & Pr.	50c	13c	Feb. 15	Jan. 23
Teck-Hughes	60c	15c	Feb. 1	Jan. 10

†Initial.

Dividend Rate Reduced—
International Utilities pref. Feb. 1, $7 to $3.50 per annum.
International Utilities ($3.50 pref.) Feb. 1, $3.50 to $1.75 per annum.

Dividends Passed or Deferred—
North Star Oil, pref., Jan. 2, deferred.

Classified Advertisements

Classified ads cost 4c. per word and figure for each insertion. Minimum ad, $1.75. Add five words when box number is required. Classified ads payable in advance.

Business Wanted

FIRM WITH LONG AND SUCCESSFUL manufacturing and selling experience is in a position to add a new line capable of national and export development. Will invest in or buy outright; preferably in old established business of high repute where owners are thinking of retiring. Address in confidence. Box 222, The Financial Post.

Representative Wanted

A MANUFACTURER IN SCOTLAND of high-grade Harris Tweeds desires to secure reliable representative to handle his products for the Canadian market. Box 230, The Financial Post, Toronto.

Meetings Reported

BE QUOTED correctly! At every gathering where it is desirable to record accurately all that has been said, let Stenotype Service take the responsibility. Mechanical shorthand is employed to ensure speedy, trustworthy verbatim reports. Conventions, club gatherings, boards of directors, political associations, etc., etc., can employ this service at all meetings with assurance of satisfaction. Fees are moderate. For further information write The Stenotype Reporting Bureau, 481 University Ave., Toronto.

DIVIDEND NOTICES

The Dominion Bank

Notice is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto on Wednesday, 31st January, 1934, at twelve o'clock noon.

By Order of the Board.

DUDLEY DAWSON,
General Manager.

Toronto, 14th December, 1933.

The Royal Bank of Canada

DIVIDEND NO. 186.

NOTICE is hereby given that a dividend of two per cent. (being at the rate of eight per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Thursday, the first day of March next, to shareholders of record at the close of business on the 31st day of January, 1934.

By order of the Board.

M. W. WILSON,
General Manager.

Montreal, Que., January 12, 1934.

UNDER THE MANAGEMENT OF POWER CORPORATION OF CANADA LIMITED

SOUTHERN CANADA POWER COMPANY LIMITED

Common Dividend No. 35

A DIVIDEND of Twenty Cents (20c) per share, being at the rate of 80c. per annum, on the no par value COMMON STOCK of Southern Canada Power Company, Limited, has been declared for the quarter ending January 31st, 1934, payable February 15th, 1934, to shareholders of record at the close of business on January 31st, 1934.

By order of the Board,

L. C. HASKELL,
Secretary.

Montreal, December 22nd, 1933.

The Shawinigan Water and Power Company

Notice is hereby given that a dividend of thirteen (13c) cents per share has been declared on the no par value common shares of the Company for the quarter ended December 31st, 1933, payable February 15th, 1934, to shareholders of record January 23rd, 1934.

By Order of the Board.

JAMES WILSON,
Secretary.

Montreal, January 15th, 1934.

STERLING PACIFIC SELLS TO ROYALITE

Will Take Over Turner Valley Leases for 40,000 Shares

Shareholders of Sterling Pacific Oil will meet on February 8, to approve of the sale of the company's Turner Valley oil leases to the Royalite Oil Co. in consideration of 40,000 shares in that company.

At the present time the Imperial Oil is the largest shareholder in Sterling Pacific owning some 40 per cent interest in the company.

The holdings of Sterling Pacific include about 720 acres in sections 33 and 34, township 18, range 2, west of the fifth meridian in the southern end of Turner Valley.

Two producing wells have been drilled on the company's holdings, one of which was one of the largest producers to be brought in that time.

An initial dividend was paid in 1932 and the disbursements to date total $73,993.

There is no mention that the Royalite shares will be distributed immediately to the Sterling Pacific shareholders, but it is thought this will eventually be the case, which would mean that for each 25 shares of Sterling Pacific held one share of Royalite would be given.

B. C. Power Net Income Ahead During Half Year

From Our Own Correspondent

MONTREAL. — Interim operating statements of B. C. Power Corp for the first half of the current fiscal year, ended last December, shows a slight increase in net operating income compared with the same period of the previous year.

Gross revenue totalled $6,292,757 compared with $6,533,939 in 1932. Expenses declined from $4,551,792 to $4,281,152, leaving a net income in the first six months of 1933-34 of $2,011,607, as against $1,982,147 for the corresponding half year of 1932.

Returns for last December show a gross income of $1,129,326; expenses $702,823 and net income $426,503. For the same month of the preceding year gross income totalled $1,180,286; expenses, $759,883 and net income $420,403.

MILK CONTROL BD. MAY BE SUGGESTED IN SASKATCHEWAN

Prof. Allen's Report Expected to Favor Winnipeg System

From Our Own Correspondent

REGINA. — A milk control board for Saskatchewan similar to that in Winnipeg is expected to be favored in the report by Prof. William Allen of the University of Saskatchewan who, at the instigation of the government held an enquiry into production costs as they affect the producer and distributor.

If the Winnipeg schedule is put into effect it will mean the distributor will get 51.5 per cent of the consumer's dollar and the producer 48.5 per cent. The general complaint at the hearings of the commission was that milk production at its present rate of payment was a losing proposition. Many dairymen stated they were gradually being forced out of the business through continued losses.

The Winnipeg rate nets the producer $1.68 per hundredweight for 3.5 butter-fat milk. The set price for distributing milk in Winnipeg, by the Public Utilities Board, which controls the milk situation, is 10 cents a quart delivered by a wagon and nine cents for cash-and-carry.

Prof. Allen's report is expected to be placed in the hands of the government before the provincial legislature opens in February. As there does not appear to be an existing government organization which could handle milk control it is quite likely new appointments will be made.

MERCHANTS STIRRED BY STEVENS' CHARGES

(Continued from page 1)

for governmental action to curb the alleged advantages of big buyers, and to bring about some measure of price control so as to eliminate profitless selling.

Many Representations

Perhaps it is this plethora of representations from competition-weary trades which has induced the Minister of Trade and Commerce to take up the cudgels. Perhaps the recent trend toward establishment of a corporate state with price regulation in Italy and Germany, or the N. R. A. action in the U. S. which seeks to eliminate use of "loss leaders," secret rebates and other alleged abuses, have put some ideas in the minds of the Cabinet Ministers.

Anything savoring of monopoly control of "big interest" must expect to be held up to public scrutiny at such a time as this, yet it is somewhat of an anomaly that one of the first moves to solve the problem of extreme competition in most countries has, of late, been the relaxation of anti-trust laws, to permit manufacturers and distributors to get together to establish fair and reasonable prices. Laws which were passed to prevent advantage being taken of the public by monopolies, are now being relaxed to permit the securing of a price sufficient to bring a fair profit and so keep business moving.

The allegations made against large retail concerns are not new. They have been heard for some time and it is likely that the exigencies of the depression have served to emphasize them. The amount of available business has had to be spread so thin among the retailers of the country in the last year or two, that competitive practices, usually ignored, have badly rankled. A return to better business will, it is felt, ameliorate many of the painful features of the present situation.

Still Largest Factor

Despite everything that has been said, the private or independent retail merchants of Canada still remain the most important factor in the merchandising situation. Independent merchants buying goods as a single unit, as members of voluntary chains and in two and three store multiples are responsible for 79.3 per cent of the entire retail business of Canada according to census figures compiled for 1930. That figure is indicative of the fact that Canada's independent merchants have relinquished none of their hold upon business despite today's competitive practices, and it also indicates that they are sufficiently important to have their interests fully protected against any possible contingencies.

Blame Manufacturers

Mass buyers, represented by chain and department stores have their problems as well, and without deprecating the seriousness of the charges of price discrimination in their favor it must be said that in many cases where they have been enabled to sell merchandise not available to other dealers, or to sell below the prices which smaller retailers must charge, the manufacturers themselves are not without blame. Many instances could be quoted where manufacturers have sought out the mass buyers with special propositions, special discounts for quantity purchases, with free deals, premiums and other inducements withheld from the regular trade. In some cases manufacturers have made up cheapened counterparts of their standard line after the regular trade have listed it in catalogues and stocked it in their stores, and provided it to chain and department stores to meet their requirements of an article with which to undersell the regular trade.

A plethora of bankrupt stocks of embarrassed concerns has also been available to the large buyer with ready cash. In other cases the large stores have used the "loss leader" idea to such an extent as to create the impression of general underselling but closer examination has frequently revealed the fact that where a price is cut close to the cost on one line compensation has been secured by doubling the mark-up on some related line. Such procedure is a matter of merchandising practice entirely, but whether or not it is harmful to the interests of the community at large for such practices to be indulged in, is a matter for earnest consideration.

Put Manufacturers Out?

There have for years been many accusations that the buying practices of large stores put certain manufacturers out of business, but surprisingly few people are prepared publicly to support such charges. There have undoubtedly been cases where manufacturers have practically confined their business to the orders of one or two large buyers and neglected other business, only to find later when a shift is made by certain of these buyers to new sources of supply, that the "eggs in one basket" policy has proved fatal. Are they themselves not to blame for allowing themselves to be a party to such a dangerous policy? Can the department store buyer be blamed for buying to the best possible advantage? That is the job of any buyer of goods for resale.

The fact must not be lost sight of that department stores and some of the other mass buyers of merchandise have a heavier overhead expense than smaller merchants. With their many services and expensive locations, department stores' overhead expense in Canada averages about 30 per cent compared with grocery stores 14-15 per cent, hardware stores 23-25 per cent; druggists 25 per cent, etc. Department stores must therefore have a longer margin to work on and they depend on quantity buying and taking cash discounts for that purpose.

The foregoing must not be interpreted as indicating that nothing can be done to improve the general situation for business and for the community at large. A cabinet minister of Mr. Stevens' standing would not make such far-reaching charges and imply the possibility of action to rectify the situation without having good grounds. Judging by recent echoes from Ottawa Mr. Stevens was not only speaking his own mind in his Toronto address but was reflecting some of the current gossip among the cabinet ministers generally.

Business Papers Speak

The subject has been discussed in a number of recent issues of leading trade papers in Canada, and those articles have for some weeks been indicating the likelihood of some action to curb profitless selling and cut-throat competition in Canada. Those articles have pointed to the possibility of some relaxation of the anti-combine laws in Canada to permit the fixing of common resale prices on a basis that will show a fair return to manufacturer and distributor.

One governmental official is quoted in those articles as saying that in his opinion the Combines Investigation Act in Canada should never have been passed because in his opinion it works as much for the injury of business as it does for the protection of the consumer. Of course all questions of property and civil rights come under the jurisdiction of the provincial governments which makes it hard for Parliament to deal with it. But the fact that the matter is receiving close attention at present is encouraging in view of the fact that governments and the general public have in the past been very desirous of maintaining competition as a more or less permanent safeguard against manufacturers or distributors taking advantage. In the past some persons have actually been sent to jail for trying to eliminate what has been termed price-cutting and cut-throat competition. Now we have the prospect of a relaxation of laws to allow fixing of fair prices so that adequate profits can be made and people kept employed.

Will Need Strong Support

What can be done about the situation? It is realized by business people that Mr. Stevens will require all possible support to convince his cabinet colleagues of the necessity of definite action to help right the alleged wrongs. It is reported that he has already been subjected to some examination by the Prime Minister as to the reasons for his statements. Business people who claim to have suffered from the conditions described feel that they owe Mr. Stevens a deep debt of gratitude for having brought the subject into the open. They feel they must support him and his actions. They also feel that it is necessary to put some teeth into the Minimum Wage Act enforcement to do away with low-price competition resulting from sweated labor. The ramifications of practice designed to short-circuit the requirements of that Act in various provinces are said to be many and varied, ranging all the way from refusal to allow inspectors into plants, to putting two employees' names on the payroll as one for the purposes of meeting the requirements of the Act.

That Mr. Stevens realizes the need for strong representations from affected groups is indicated by his statements to one trade representative following the Toronto meeting, when he made it clear that it was now up to such groups to assert themselves, to organize to fight the practices complained of and to make any reasonable proposals to the government which would help in bringing the situation under control.

Have Been Threatened Before

Retailers of Canada have been threatened with being engulfed by some form of competition many times in the past years and on each occasion there has been the demand from some groups for legislation. There was the mail order "menace" and more latterly the chain store "menace" but the independent merchants of the country have weathered those storms and, learning from their newer competitors, have strengthened their own position. Many of the leading retailers in the country are not today in favor of governmental interference in business, and the government has shown that it is not desirous of meddling in business to any greater extent than is absolutely necessary. An urgent demand for legislation along certain lines at this time might prove abortive, and judging by the difficulties being encountered under the N. R. A. in the U. S., it is doubtful if a great deal can be achieved in limiting allegedly abusive trade practices such as "loss leader" selling, secret rebates, etc. Even the plan to establish minimum resale prices in the U. S. at invoice cost plus 10 per cent was eliminated from the Master Code in that country, because of opposition and inability to reconcile conflicting interests.

Retailers Outspoken

Nevertheless the situation in Canada has some serious aspects from the standpoint of the large number of merchants who though smaller than department and chain organizations, are numerically and from a volume standpoint, the most important merchandising group in the country. That group has become much more outspoken to manufacturers of late regarding the favoring of mass buyers and something is being accomplished. Improvement in wholesaling services and the organization in some trades of group buying organizations enables groups of such retailers to speak with more authority to their sources of supply. Those matters can be adjusted by organized action rather than by legislative action, but there are other retailing practices—generally involving the misuse of advertising space in leading newspapers—which should be put under some sort of governmental check, and most retailers of this country will strongly support any move to control unfair and unreasonably discriminatory practices. What comes within that category and how it can be handled is the matter to be decided.

Eaton President Speaks

Department store officials have hastened to question the authority of Mr. Stevens' remarks regarding their illegal crushing of manufacturers who decline to accept price dictation from them. R. Y. Eaton, president of the T. Eaton Co. Ltd., suggested that Mr. Stevens reveal the names of those whom he charged, particularly in regard to the purchase of 1,000 dresses. He felt that as far as honor in dealing with manufacturers was concerned, Canadian retail firms which have been in business for 30, 40 or 50 years were on a plane as high as in any country of the world. He continued:

"So far as The T. Eaton Co. is concerned, the practices of which Mr. Stevens speaks are quite contrary to the principles it observes in conducting business. If by any chance any one of the company's numerous buyers violated these principles the company would be the first to wish to know of it—and I am sure this would be the attitude of other large Canadian retailers in respect to their buying. A considerable proportion of the garments we sell, both men's and women's is made in our own factories. Eaton factories, with their good working conditions, could not compete if the company made a practice of patronizing other factories using sweat-shop methods.

"In buying goods where the quantity is great, the retailer sometimes asks manufacturers to quote prices on the basis of quantities, much in the same way as the Ottawa or Ontario Government asks for tenders on supplies. This is generally considered an equitable way of doing business. In ordinary buying, the retailer purchases from the same manufacturers, season after season, provided the supplier can give satisfactory service."

Burton Hits Back

Similar remarks were made by C. L. Burton, president and general manager of the Robert Simpson Co. Ltd., who stated:

"It is rather too bad that a Minister of the Crown should make such general statements, for they are quite wrong, as far, at any rate, as our company is concerned. I think the confidence of the public in the department stores answers his charges. The buying needs of the department store are a complete reflection of the buying needs of the public. It is difficult to realize the many exigencies and embarrassments to those manufacturing goods, and also to those selling them to the public, during the last two or three years of the depression. Businesses conducted on the highest principles in many cases have been embarrassed and obliged to keep themselves going by emergency measures.

"During the past couple of years we have been in a position to pay spot cash for practically all our purchases and this has been of great value to those who have produced goods for us. There is no doubt that a business properly capitalized and properly managed is of great value both to the producer of the goods and the customers who consume them. It is to our advantage to see that our suppliers make a sufficient profit to pay decent wages, for, if they did not, purchasing power would be cut and we would suffer. There is no reason to suppose that we would be so unintelligent as to buy goods at less than the market could supply them when we, in turn, depend upon the public for our business."

Clothing Trade's Views

In discussing the statement made on January 15 by the Hon. H. H. Stevens at the convention of shoe retailers, Warren K. Cook, president of the Canadian Association of Garment Manufacturers, stated to "Men's Wear Merchandising":

"If there is any doubt in the public's mind regarding the facts of the statements made by Hon. H. H. Stevens that manufacturers and labor are being exploited to produce bargains, I suggest that they walk down Spadina Avenue, Toronto, and witness the regiment of policemen guarding against possible disturbances. These labor disturbances are due entirely to the embittered feelings of workers who have not been making a living wage due to the fact that manufacturers have been forced by competition mentioned in Mr. Stevens' speech to produce goods at such prices that it does not enable manufacturers to pay decent wages.

"For those of the public who still doubt the facts of the statements, we challenge the government or any other body of citizens to read the advertisements in last night's evening papers and in open court produce sworn evidence of prices paid for the articles advertised and the wages paid in the making of these commodities.

Agree 100 Per Cent

"With Mr. Stevens' statements referring particularly to the needle trade industry, we agree 100 per cent. Individual manufacturers would be diffident in committing themselves since so many of them are dependent on the large buyers for their orders, yet in the course of many meetings, of the Canadian Association of Garment Manufacturers they have passed many resolutions which by reason of their nature place us wholeheartedly behind Mr. Stevens in every one of his statements.

"The Minimum Wage Boards are doing their utmost to correct conditions as they apply to female workers although in certain parts of Canada the law is so inadequate that even though enforced, they cannot overcome the conditions mentioned in Mr. Stevens' statements.

Ask For Support

"What is Mr. Stevens' next move? The next move is not for Mr. Stevens. Retailers and manufacturers alike must get up on their hind legs to support him in his bold and courageous attitude. Every retailer and manufacturer who endorses these statements should make his influence felt by telling Mr. Stevens individually and collectively that he is behind him wholeheartedly."

Packers Deny Charges

J. Stanley McLean, president of Canada Packers, categorically denied the truth of Mr. Stevens charges regarding the packing industry. He said he could not see how any good could come from such "irresponsible charges against an industry which is doing everything within its power to advance prices of livestock for the good reason that its interest lies in so doing."

"The explanation of the low price of cattle is a very simple one which everyone understands who is familiar with the facts," added Mr. McLean. "Canada is producing a surplus of cattle and there is no market abroad which will absorb this surplus. Therefore there is coming on the Canadian market a quantity of cattle which Canada will not consume except at a very low price. Packers cannot pay for the cattle a price higher than that at which they can sell them.

"The packer's interest lies not in low prices but in high prices and he does everything in his power to find markets for the beasts at the highest possible prices.

"Mr. Stevens makes no mention of hogs. For these there is a market in England for the surplus, and by means of this market the price of hogs has risen within the past 10 months from four cents per lb. to seven cents per lb. f.o.b. Ontario country points. The same thing exactly would be the case with cattle if there were a market anywhere for the surplus."

A separate article, page one, gives the millers' views of Mr. Stevens allegations regarding cut-throat competition by bakery chains.

Becomes Director

WALTER G. UPSHALL

Who has been made a director of S. R. Mackellar & Co. Mr. Upshall has been associated with the firm for the last seven years.

Mining Stock Quotations

Week Ending January 15.

Par Val.	Range 1933-34 High	Range 1933-34 Low	Company	Sales	Close Jan. 8 (or last)	High for week	Low for week	Close Jan. 15
1	.02½	.00¾	Aconda	30,500	.01½	.02	.01½	.02
No	.30	.03	Aldermac	2,600	.15	.17	.15	.15
1	.06	.01	Alexandria	307,300	.04½	.06	.04	.04½
No	.06	.01½	Algoma	100,500	.01½	.02	.01½	.02
1	.01½	.00¾	Algonquin	......	.00¾	.....	.....	.....
1	.06	.00½	Amity Copper	143,000	.02½	.02½	.01½	.02
No	2.50	2.00	Anglo-Huronian	1,138	2.00	2.50	2.15	2.50
1	.01	.00½	Apex	......	.00½	.....	.....	.....
1	.07½	.01½	Area	36,200	.03½	.04½	.03	.04½
No	.11	.03	Arno	19,060	.04½	.06½	.04	.06
1	1.36	.74	Ashley	300	1.00	.99	.99	.99
1	.14	.02½	Bagamac	57,700	.06½	.07½	.06	.07½
1	.03	.00¾	Baldwin	7,000	.00½	.01½	.00¾	.01
1	.20	.08	Barry Hollinger	53,450	.16	.17½	.14½	.16
1	2.45	.75	Base Metals	29,735	1.63	1.77	1.63	1.70
5	1.29	.60	B. E. A. R.	121,781	.86	.88	.81	.85
1	.48	.20	Big Missouri	39,215	.35	.38	.33	.38
1	.28½	.08½	Bobjo	177,700	.24	.27½	.24	.27½
No	13.25	2.28	Bralorne	1,621	10.05	10.25	10.00	10.25
1	.25	.11	Brett Trethewey	5,800	.12	.14	.12½	.14
50c	.57	.25	B. R. Ex. Gold	44,000	.38½	.57	.38	.57
1	.07½	.01½	Brownlee	42,200	.02½	.02½	.02	.02½
1	.03	.00½	Buckingham	3,500	.01	.01	.00½	.01
No	.09½	.01½	Buffalo Can.	17,200	.07½	.07½	.06½	.07½
5	30.00	15.40	Bulolo	6,975	25.00	30.00	24.75	29.50
No	.10	.01	Bunker Hill	27,500	.01½	.01½	.01½	.01½
5s	1.25	.60	B'Wana McKubwa	......	.72	.....	.....	.....
No	.05	.02½	Canam Metals	......	.03	.....	.....	.....
1	.12½	.03	Can. Kirkland	48,900	.09	.09	.07½	.08½
No	.60	.32	Can. Malartic	14,222	.40	.40	.39	.40
1	.02	.00½	Capital Rouyn	21,000	.00½	.01½	.00½	.00½
1	3.05	2.30	Cariboo G. Q.	850	2.65	2.70	2.30	2.30
1	.03½	.01	Cartier Malartic	14,500	.01½	.01½	.01½	.01½
1	.72	.15	Castle Trethewey	17,500	.58	.60	.56	.60
1	.20	.06	Cen. Manitoba	30,800	.13	.13	.11½	.12
1	.73	.17	Cen. Patricia	45,700	.61	.60	.54	.57
No	.20	.03	Chibougamau Pros.	139,400	.06½	.07	.06½	.06½
No	.15	.03	Church. M. & Mill	67,050	.11	.12½	.09	.12½
No	.04	.00½	Clericy	35,500	.02½	.02½	.01½	.01½
1	.03	.01	Clifton Cons.	5,500	.01½	.01½	.01½	.01½
5	9.00	1.65	Coast Copper	430	4.00	4.45	4.05	4.45
1	.15	.00½	Cobalt Contact	41,750	.04½	.05½	.04½	.05½
1	.59½	.43	Columario (new)	38,075	.57½	.59½	.57	.59½
5	1.90	.75	Coniagas	1,926	1.40	1.60	1.35	1.60
No	1.45	.20	Coniaurum	9,634	1.00	1.45	1.00	1.39
25	144.00	54.00	Cons. Smelters	2,310	134.00	136.75	132.00	136.75
No	40.00	13.60	Dome Mines	8,525	35.00	36.00	33.75	35.50
No	.15½	.03½	Dom. Explorers	6,300	.06	.06	.05½	.06
1	.02½	.00¾	Dominion Kirk	1,000	.00¾	.00¾	.00¾	.00¾
1	.04	.00½	Don Rouyn	22,000	.01	.01½	.00¾	.01½
1	.04½	.01	Duparquet	500	.01½	.01½	.01½	.01½
1	8.10	1.16	Eldorado	45,845	3.69	3.94	3.61	3.88
No	4.55	1.80	Falconbridge	4,765	3.15	3.20	3.10	3.20
1	.06	.01	Federal	30,400	.02½	.03	.02½	.03
No	.07	.01	Gilbec	66,200	.03½	.04	.02½	.03½
1	.17	.04	Goldale	175,900	.09½	.14	.09	.13½
10	.29	.10	Goldfield	2,000	.15	.18	.16	.18
.	.01½	.01	Gold Reef	......	.01	.....	.....	.....
1	.23	.02	Goodfish	27,200	.12	.17½	.13	.17½
1	.04	.01	Graham	82,550	.03	.04	.03	.04
1	1.95	.50	Granada	21,750	.67	.70	.62	.70
1	.18	.03½	Grozelle	......	.05	.....	.....	.....
1	.38½	.38½	Grull Wihksne	2,000	.....	.38½	.38½	.38½
1	.45	.24	Halcrow Swayze	10,500	.32	.35	.30	.33
1	.06	.02	Harker	49,050	.03½	.04½	.03½	.04
1	.01½	.00½	Hilltop	94,000	.00½	.01½	.00½	.01
5	12.50	6.05	Hollinger	35,083	12.20	12.50	11.95	12.50
1	1.51	.61	Howey Gold	42,600	1.00	1.06	.97½	1.04
No	12.25	3.10	Hudson Bay	1,410	9.25	9.25	9.00	9.25
No	.55	.25	Huronian	......	.40	.....	.....	.....
1	13.50	8.50	Inter. Mining	3,575	10.45	13.50	11.00	12.60
.	4.50	2.75	Do., Pur. Warr.	89	4.50	4.00	4.00	4.00
No	23.25	8.00	Int. Nickel	69,258	21.25	22.65	21.35	22.60
1	.05½	.00½	Jackson Manion	448,550	.03½	.05½	.03½	.05½
1	.70	.20	Keeley	......	.50	.....	.....	.....
1	.02½	.00½	Keora Mines	2,000	.00½	.01½	.01½	.01½
1	.76	.48	Kirk. Hud. Bay	1,500	.55	.55	.55	.55
1	.02½	.00½	Kirk. Hunton	......	.00½	.....	.....	.....
1	.52	.27	Kirkland Lake	20,540	.31	.31	.29	.29
1	.04½	.01½	Kirkland Premier	5,000	.02	.02½	.02	.02
1	.52	.12	Kirk. Townsite	20,200	.23½	.25	.22½	.25
20c	.02½	.00½	Koot. Florence	5,000	.01½	.01½	.01½	.01½
1	.35	.15	Lakeland	13,300	.15	.16	.15	.15
No	.32	.07	Lake Maron	105,000	.08	.09½	.07	.09½
1	52.00	30.75	Lake Shore	3,950	46.25	46.50	45.00	46.25
1	.23½	.02½	Lebel Oro	96,600	.11	.12	.10	.10
No	.29	.11	Lee Gold	12,000	.12½	.13	.12	.13
1	2.20	1.70	Macassa (new)	71,595	1.93	2.20	1.96	2.15
1	.07½	.01	Malrobic	49,500	.02	.02½	.02	.02½
No	.17	.02½	Mandy	2,300	.06	.09	.09	.09
No	.07	.01	Manitoba Basin	45,350	.02½	.02½	.02	.02½
5	48.60	21.20	McIntyre	4,527	41.50	43.00	40.50	42.75
1	.55	.30	McKinley	......	.50	.....	.....	.....
No	.08	.01	McLeod River	33,000	.02½	.02½	.01½	.02
1	.53	.03	McMillan	133,150	.42½	.53	.42	.52
No	1.15	.35	McWatters	27,100	.45	.50	.41	.47
1	1.21	.15	McVittie	98,668	1.16	1.17	1.02	1.08
5	1.25	.06	Mentor Exp. & Dev.	......	1.05	.....	.....	.....
No	2.65	1.20	Mining Corp.	6,640	1.70	1.90	1.65	1.87
1	.05	.01½	Moffatt Hall	30,000	.02½	.02½	.02½	.02½
1	.12½	.02	Moneta	5,800	.08½	.10	.08½	.09
1	.00½	.00½	Montreal Rouyn	......	.00½	.....	.....	.....
1	.12½	.02½	Moss	......	.02½	.....	.....	.....
1	.03½	.00½	Murphy	18,500	.01½	.01½	.01½	.01½
No	.06½	.02	Newbec	2,500	.02	.02½	.02½	.02½
1	.08½	.01½	Night-Hawk Penn.	......	.04	.....	.....	.....
5	3.50	1.15	Nipissing	8,700	2.43	2.60	2.45	2.50
No	39.25	19.75	Noranda	9,907	34.50	35.20	33.85	34.75
No	.52	.26	Nor. Canada	1,000	.30	.30	.30	.30
1	.34	.05	Osisko	......	.13	.....	.....	.....
1	.46	.11	Parkhill	75,800	.36	.44	.36	.42
1	.03½	.01	Pawnee Kirk.	3,000	.01½	.02	.01½	.02
1	.29	.19	Paymaster	60,125	.20	.25	.20	.23½
1	1.80	.50	Pend Oreille	11,400	.91	1.10	.95	.98
1	.04½	.00½	Peterson Cobalt	......	.03	.....	.....	.....
1	16.25	4.30	Pioneer Gold B.C.	3,225	12.00	12.50	11.75	12.50
1	.03	.00½	Porcupine Crown	......	.01½	.....	.....	.....
1	.01½	.00½	Potter Doal	......	.00½	.....	.....	.....
1	1.60	.55	Premier Gold	22,730	1.07	1.08	1.06	1.08
1	.03½	.00½	Preston E. Dome	1,000	.01½	.01½	.01½	.01½
No	1.75	.33	Prospectors Air's.	900	.45	.40	.40	.40
No	.15	.03	Quemont	24	.10	.05	.05	.05
1	.51	.25	Read Authier	8,175	.30	.30	.28	.30
1	2.75	.70	Reno	28,265	.90	.93	.87	.93
1	.03½	.00½	Ribago	8,000	.01½	.01½	.01	.01½
1	.03	.01½	Ritchie	5,500	.01½	.01½	.01½	.01½
1	.04½	.01	Robb Montbray	12,000	.02	.02	.02	.02
1	1.90	.75	San Antonio	41,676	1.78	1.90	1.75	1.89
1	.07	.02	Seven Troughs	......	.07	.....	.....	.....
1	1.90	.33	Sherritt Gordon	25,361	1.00	1.05	.99	1.04
1	1.78	1.25	Siscoe	154,950	1.44	1.62	1.44	1.55
1	.10½	.02	South Keora	4,000	.02½	.02½	.02½	.02½
No	.26½	.18	South Tiblemont	301,190	.22	.23½	.19	.23
No	.16	.08	Stadacona (new)	143,785	.09½	.13	.09	.12
1	.60	.07	St. Anthony	20,600	.36	.41	.35½	.40
No	2.21	.60	Sudbury Basin	9,224	1.04	1.15	1.04	1.10
1	.15	.00½	Sudbury Contact	101,500	.08½	.10½	.08½	.09
1	.02½	.00½	Sudbury Mines	6,500	.00½	.01	.00½	.01
No	.28	.16½	Sudbury Nickel	100	.21	.18	.18	.18
1	.38½	.14	Sullivan	12,550	.26	.27	.25	.27
1	1.54	.72	Sylvanite	126,920	1.45	1.54	1.35	1.51
1	7.25	3.70	Teck Hughes	27,160	6.00	6.20	5.85	6.05
1	.33	.03	Thom. Cadillac	276,550	.24½	.33	.24½	.31½
1	.61	.10	Towagmac	3,000	.27	.32	.27	.32
1	3.00	.35	Treadwell	2,525	.85	.85	.45	.45
1	.25	.04	United Kirkland	2,500	.16	.20	.18	.20
No	.06½	.01	Vacuum Gas	25,500	.01½	.02½	.01½	.02
No	2.40	.30	Venezuela	......	1.06	.....	.....	.....
No	1.50	.66	Ventures	47,838	.81	.85	.77	.82
1	.22	.01½	Vickers	8,500	.02	.02½	.01½	.02
1	.72	.20	Vipond	......	.45	.....	.....	.....
No	1.80	1.12	Waite Amulet	4,519	1.20	1.25	1.12	1.25
50c	.75	.32	Wayside	275,400	.41	.45	.40	.44½
No	.40	.18	White Eagle	207,950	.34	.40	.34	.38½
1	.08	.02½	White Lake	7,000	.05½	.05	.04	.04½
1	.28	.02	Wiltsey Coughlan	58,000	.09	.10½	.08½	.09½
1	.27	.05½	Wood Kirkland	10,000	.06	.06	.05½	.06
No	8.60	3.73	Wright-Hargreaves	29,815	6.85	7.25	6.75	7.25
			OIL STOCKS					
No	.32	.07½	Acme Gas & Oil	16,500	.17½	.18½	.17½	.17½
1	.05	.04½	Admiral	......	.05	.....	.....	.....
No	.01	.01	Advance	......	.01	.....	.....	.....
1	1.60	.55	Ajax	2,850	1.10	1.12	1.08	1.08
1	.68	.05	Alta. Pacific	20,572	.20	.25	.20	.20
1	.20	.05	Amalgamated	16,200	.14½	.15½	.12½	.14½
1	.07	.03½	Anaconda	6,000	.05	.04½	.04½	.04½
No	1.10	.04½	Associated	34,750	.22½	.35	.24	.27
No	.26	.01	Baltac	45,300	.07½	.13	.07½	.09
1	.06	.06	Brit. Dominion	......	.06	.....	.....	.....
No	2.50	.25	Calgary & Ed.	6,900	1.00	1.15	1.04	1.10
1	.45	.03	Calmont	13,100	.13	.15	.12	.14
1	.25	.03½	Common. Pete.	5,800	.06	.10	.10	.10
No	2.60	.11	Dalhousie	13,410	.55	.65	.50	.60
No	.19	.02	Devenish	13,510	.05	.07½	.04½	.07
No	.55	.05½	East Crest	7,550	.27	.30	.24	.26
No	.36	.20	Erie Gas	......	.20	.....	.....	.....
No	.02	.00½	Fabyan Pete	71,000	.00½	.01	.00½	.01
No	1.75	.06	Foothills	4,025	.40	.50	.45	.50
No	.28	.06	Freehold	70,800	.11½	.16	.11	.15
No	.13	.01	Hargal	7,700	.09	.13	.09½	.10
No	4.05	.30	Home	55,915	1.63	1.90	1.61	1.87
No	.05	.02	Homestead	1,150	.02½	.02½	.02	.02
1	.25	.10	Homestead O. & G.	8,600	.14	.16½	.15	.16
No	.47	.10	Lowery	23,025	.20	.35	.25	.25
No	.06½	.01½	Madison	15,000	.03½	.04	.03½	.03½
No	.21	.05½	Marjon Oil	21,000	.15	.21	.15	.19
No	.10	.03½	McD. Segur Ex.	7,200	.05	.05	.04½	.05
1	.08½	.05	McD. Segur N.	......	.06	.....	.....	.....
1	1.10	.25	McLeod	1,100	.40	.45	.40	.45
No	.30	.07½	Mercury	149,500	.15½	.22	.15	.20½
No	.45	.11	Merland	14,700	.37	.42	.35	.35
1	.01½	.01	Mid West	......	.01½	.....	.....	.....
1	.30	.25	Midwal Oil	1,800	.26	.30	.27	.30
No	.35	.09	Mill City Pete	5,000	.16	.22	.17	.22
1	.50	.12	Model	9,950	.25	.32	.25	.28
5	.30	.08	Nordon	21,300	.10½	.14	.11	.11
No	.12½	.02	Oil Selections	42,600	.05	.05½	.05	.05½
No	.20	.04	Okalta	9,000	.07	.09	.06½	.08½
No	.61	.20	Olga Gas & Oil	51,300	.21½	.26	.22½	.23½
1	.25	.13	Petrol Oil & Gas	3,000	.16	.18	.16	.17
No	.02	.02	Richfield	......	.02	.....	.....	.....
No	23.00	5.75	Royalite	1,803	19.50	19.50	19.50	19.50
1	.25	.05	Sarnia Oil	9,100	.10	.10	.08	.09
No	.45	.04	South West Pete.	100	.11	.15	.15	.15
1	.39	.06	Spooner	650	.20	.25	.24	.25
No	.75	.12	Sterling Pacific	20,600	.65	.67	.64½	.67
.	.43½	.43	Trinidad Oil	......	.43½	.....	.....	.....
No	.25	.03	United	20,700	.07½	.11½	.09	.10
No	.25	.06	Vanalta	200	.10	.11	.11	.11
No	.90	.65	Wainwright-West	42,850	.80	.87	.80	.87

VANCOUVER STOCK EXCHANGE

(Transaction for Week to January 10.)

Par Val.	Range 1933-34 High	Range 1933-34 Low	Company	Sales	Close Jan. 3 (or last)	High for week	Low for week	Close Jan. 10
25c	.03	.00½	Bayview	2,000	.01	.01½	.01½	.01½
20c	.10½	.02½	Beaver Silver	47,200	.07½	.08½	.06½	.08
25c	.17	.03	Big Slide	7,600	.04½	.05	.04½	.05
25c	.06½	.02	Bluebird	......	.03	.....	.....	.....
1	1.20	1.00	Bradian	4,785	1.00	1.00	.95	1.00
No	13.00	1.38	Bralorne	2,530	10.25	10.50	10.00	10.15
1	.57	.05	Bridge River Cons.	82,700	.20	.33	.20	.31
50c	.71	.22	Bridge River Exp.	157,750	.29	.55	.28	.53
100	99.00	88.50	B. C. Electric, pfd.	......	98.00	.....	.....	.....
1	.60	.33	B. C. Nickel	10,650	.52	.56½	.51½	.55
1	1.50	.60	B. C. Silver	100	.95	1.00	1.00	1.00
No	.82	.52	Burns Mountain	......	.55	.....	.....	.....
.	.25	.20	Butte I. X. L.	1,000	.20	.25	.25	.25
.	.36	.35	Cariboo Central	......	.36	.....	.....	.....
1	4.60	1.50	Cariboo Gold	17,790	2.85	2.88	2.50	2.75
No	12.90	5.60	Coast Breweries	600	8.75	8.75	8.75	8.75
25c	.02½	.00½	Cork Province	......	.01	.....	.....	.....
1	.05	.02½	Cotton Belt	......	.05	.....	.....	.....
1	.08	.01½	Dalhousie Mines	7,000	.02½	.02	.02	.02
50c	.47	.21	Dentonia	27,600	.25	.47	.35	.45
1	.45	.02	Dunwell	55,148	.30½	.45	.34	.40
1	1.00	.28	George Copper	......	.30	.....	.....	.....
50c	.12	.03	Geo. Enterprise	......	.03	.....	.....	.....
1	.09½	.01½	Georgia River	9,000	.02½	.02½	.02½	.02½
.	.05	.01	Glacier Creek	41,100	.....	.05	.01	.04½
1	.60	.16	Golconda	4,050	.48	.49	.45	.49
50c	1.25	.25	Gold Belt	22,475	.28	.40	.27	.30
1	1.50	.95	Golden Belle	......	1.50	.....	.....	.....
50c	.11	.03	Grandview	30,000	.04½	.06	.04½	.05½
1	.30	.22	Grull Wihksne	4,300	.28	.30	.28	.30
.	.09	.07	Home Gold	......	.07	.....	.....	.....
25c	6.95	6.25	Hecla Min.	......	6.95	.....	.....	.....
1	.01½	.00½	Independence	2,500	.01	.01½	.01½	.01½
1	.03½	.01	Indian Mines	1,000	.01½	.02	.02	.02
1	.17	.08½	Inter. Coal	......	.13	.....	.....	.....
1	.36	.36	Jack Waite	......	.36	.....	.....	.....
50c	.57	.18	Kootenay Belle	5,500	.21	.24	.22	.24
25c	.04	.00½	Kootenay King	......	.01	.....	.....	.....
25c	.01½	.00½	L. & L.	4,500	.00½	.01½	.01	.01
1	.01	.00½	Lakeview	9,000	.01	.01	.00½	.00½
10c	.06½	.01	Lucky Jim	25,300	.05	.06	.05	.06
50c	.01½	.00½	Marmot Metals	......	.00½	.....	.....	.....
10c	1.05	.20	Meridian Min.	102,350	.28	.33	.26	.31½
1	.10	.07	McGillivray Creek	......	.07½	.....	.....	.....
5	.13	.04½	Metaline Metals	5,000	.04½	.04	.04	.04
No	.18	.12	Minto Mines	119,300	.13	.18	.13	.17
50c	.17	.05	Mogul	1,000	.05½	.06	.06	.06
25c	.01	.00½	Mohawk	......	.00½	.....	.....	.....
50c	.41	.15	Morning Star	23,400	.20½	.23	.20	.23
1	.06	.00½	Morton Woolsey	......	.02	.....	.....	.....
1	.29	.03	Native Sons	24,800	.05½	.06½	.05	.06½
50c	.10½	.01½	National Silver	41,225	.06	.06½	.05	.06
50c	1.24	.74	Nicola	40,369	1.19	1.24	1.19	1.20
50c	.21½	.02½	Noble Five	86,800	.13	.14½	.12	.13½
50c	.01	.00½	Oregon Copper	......	.01	.....	.....	.....
1	.35	.12½	Pavilion	2,000	.14	.14	.12½	.12½
1	1.25	.40	Pioneer Extension	......	1.10	.....	.....	.....
1	16.10	4.30	Pioneer Gold	435	12.10	12.50	12.00	12.25
1	.11	.10	Planet	......	.10	.....	.....	.....
50c	.19	.04½	Porter Idaho	14,700	.13½	.14	.13½	.14
No	.04	.00½	Premier Border	10,000	.01½	.01½	.01½	.01½
No	.23	.15	Princess Royal	900	.17	.23	.22	.23
1	.10	.02	Quatsino Copper	......	.02	.....	.....	.....
No	.42	.10	Reeves McDonald	2,600	.14	.20	.10	.20
1	.30	.10	Reliance	4,500	.27	.12½	.10	.11
1	2.70	.60	Reno Gold	14,900	.88	.93	.87	.90
1	.22	.04	Reward Mining	27,900	.10	.12	.09½	.11
1	.10	.01	Rufus Argenta	58,500	.02	.02½	.01½	.02½
1	.07	.01	Ruth Hope	3,200	.04	.03½	.03½	.03½
1	.65	.30	Sally Mines	5,350	.47	.48	.46	.48
1	.15	.03½	Silverado	2,200	.07	.07½	.07	.07½
25c	.09	.01	Silver Crest	11,100	.03½	.03½	.02½	.03½
20c	.04	.01½	Silversmith	4,000	.03	.04	.04	.04
50c	.04½	.01	Snowflake	4,000	.01½	.01½	.01½	.01½
25c	.06	.01½	Sonora	500	.01½	.02	.02	.02
1	.61	.28	Standard Gold	......	.35	.....	.....	.....
10c	5.60	3.00	Sunshine	2,300	5.35	5.60	5.35	5.40
1	.50	.20	Sunloch	......	.20	.....	.....	.....
No	.57	.39	Taylor Bridge	13,450	.50	.57	.50	.54
5	.40	.20	Toric	......	.20	.....	.....	.....
50c	.03½	.00½	Topley Richfield	......	.00½	.....	.....	.....
50c	.72	.08	Wayside	60,650	.41	.45	.41	.44
50c	.12	.04½	United Empire	26,000	.04½	.12	.05	.12
No	.16	.15	Waterloo Gold	9,600	.15½	.15½	.15½	.15½
No	2.00	1.40	Vidette Gold	1,950	1.40	2.00	1.50	1.85
25c	.12	.01½	Waverly Tangier	31,000	.02½	.02½	.02½	.02½
20c	.05	.01½	Wellington	5,000	.02½	.03	.02½	.02½
No	.36	.20	White Eagle	4,900	.31½	.35½	.32	.35½
1	.18	.03	Whitewater	33,500	.07½	.08½	.07	.08
1	.48	.40	Yankee Belle	......	.42	.....	.....	.....

DIVIDEND PAYERS

Company	Rate	Yield %	Company	Rate	Yield %
Ajax Oil	8c.	7.40	McLeod Oils‡	5c.	.....
Bulolo Gold‡	60c.	.....	Mercury Oils	4c.	.....
Coast Brew	92c.	.....	Merland Oils‡	5c.	.....
Coniagas‡	12½c.	.....	Model Oils	3c.	.....
Coniaurum†	3c.	.....	Noranda‡	$1	.....
Cons. Smelters	1.50	.....	Petrol Oil‡	1c.	.....
Dome Mines	$1+55c.	4.36	Premier	12c.	11.11
Falconbridge	25c.	.....	Pioneer, B.C.	60c.	4.80
Goldfield Cons‡	5c.	.....	Royalite	$1	.....
Hollinger	65c.+20c.	6.85	Siscoe	12+2c.	9.02
Howe Sound	$3	.....	Sterling Pacific Oil‡	3c.	.....
Int. Coal & Coke‡	2c.	.....	Sunshine Min.	5+7c.	.....
Lake Shore	$2+$1	6.48	Sylvanite	4+3½c.	.....
McIntyre	1.87½	4.38	Teck-Hughes	60c.	9.91
			Wright-Har.	20c+10c.	4.13

‡Interim. †Initial. °Paid in 1932

Active Provincial and Municipal Bonds

Quotations furnished by A. E. Ames & Co., Canada Permanent Building, Toronto, Ont.

January 16, 1934

	Rate	Actual Maturity	Next Int. Date	Price	Yield
*Alberta	4½	1 Oct., 1958	1 Apr.	85.00	5.62
Alberta	5	1 July, 1943	1 July	94.00	5.88
Alberta	6	1 Mar., 1947	1 Mar.	98.50	6.16
*British Columbia	4½	1 Oct., 1953	1 Apr.	85.00	5.77
*British Columbia	5	15 Jan., 1948	15 July	92.00	5.85
British Columbia	6	15 Feb., 1947	15 Feb.	98.00	6.22
Manitoba	4	1 July, 1947	1 July	84.00	5.72
*Manitoba	5	2 Dec., 1959	2 June	90.00	5.75
Manitoba	6	1 Apr., 1947	1 Apr.	98.00	6.22
*New Brunswick	4	1 June, 1949	1 June	92.00	4.77
*New Brunswick	4¾	15 June, 1936	15 June	100.00	4.75
New Brunswick	5½	15 May, 1950	15 May	105.50	5.01
*Nova Scotia	4½	15 Nov., 1948	15 May	98.00	4.68
Nova Scotia	5	1 May, 1943	1 May	101.50	4.80
*Ontario	4½	1 Sept., 1944	1 Mar.	102.50	4.21
Ontario	5	15 Oct., 1948	15 Apr.	104.00	4.62
Ontario	5½	1 Feb., 1947	1 Feb.	108.00	4.67
P. E. I.	4	1 Apr., 1939	1 Apr.	97.00	4.65
P. E. I.	6	1 May, 1947	1 May	109.50	5.00
*Quebec	4¼	1 May, 1961	1 May	98.00	4.37
*Saskatchewan	4½	1 Sept., 1955	1 Mar.	84.00	5.80
Saskatchewan	5	1 Nov., 1959	1 May	87.50	5.95
Saskatchewan	6	15 Mar., 1952	15 Mar.	96.00	6.37
Cities					
*Montreal	5	1 Sept., 1963	1 Mar.	99.50	5.03
*Toronto	4½	1 Jan., 1955	1 July	100.00	4.50
*Vancouver	5	15 Jan., 1970	15 July	85.25	6.00
Winnipeg	5	1 Mar., 1944	1 Mar.	92.30	6.00
*Edmonton	5½	1 Apr., 1947	1 Apr.	83.50	6.81
Calgary	5	1 Jan., 1943	1 July	87.00	6.88
Halifax	6	1 July, 1951	1 July	111.50	5.00
Saint John	5	15 Dec., 1950	15 June	100.00	5.00
Regina	4½	1 July, 1960	1 July	77.50	6.75
Victoria	5	21 July, 1948	21 Jan.	91.50	6.00
Quebec	5	1 June, 1948	1 June	100.00	5.00

*Payable in New York.

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The Standard Value of Gold is $20.67 per ounce.

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The Week in Mining

Mining Market Active

THE strength of the issues and the volume of trading were features of the mining market with the start of the week following President Roosevelt's increase in price paid for gold. Not for some time has there been such activity or so many gains made across the entire board. Confidence that the value of gold would be maintained or increased caused a surge of buying that carried Hollinger back to $12.45 a share, Dome up $1.75, Lake Shore up $1.15, McIntyre up $2, while among the junior golds Macassa touched a high of $2.20 per share for the new stock under relatively heavy trading.

* * *

Granada Files Return

GRANADA Gold Mines shares under the influence of more favorable reports, credited to officials, touched a new recent high of 70 cents. Those most familiar with the mine and its operation put their own interpretations upon the official statement that December production amounted to $35,000 from 3,015 tons of ore treated or an average recovery of $11.60 per ton including exchange compensation. The statement attributed to officials that this production was won notwithstanding a two day shut down for the ball mill suggested one explanation to mining men. The shut-down, they assumed, was to clean up the ball mill and the recovery included the accumulated gold which has had the habit of hiding itself only to be reclaimed when a shut-down occurs. This is known at times to provide $15,000 and $20,000 when clean-up is made.

The belated return, demanded under the Ontario Companies Act covering the period ended March 31 last, has just made its appearance at the Parliament Buildings. Interesting information contained in this is that R. C. Gamble, president of the company, received 40,000 treasury shares for transferring to the company several adjoining claims when he thought it expedient to reorganize a couple of years ago. Another interesting item is that 5,250 treasury shares were given to Mr. Gamble for an indebtedness of $5,333, an indebtedness to the president of the company which is not explained.

There has been a great deal of gyrating in the market value of the shares during the past year and the increase in outstanding capitalization from 800,000 shares to 1,039,358 on March 31 last, was explained in part by the allotment of several substantial blocks of treasury shares in its financing programme at prices that range from $1.07½ down to 50 cents per share, which means that at current 70 cents per share prices the fiscal agent has a 40 per cent spread over the 50-cent price.

Investors and would be investors are being fed favorable propaganda about the company in lieu of official audited statements which are long overdue.

* * *

Amalgamated Gold Fields

UNDER the heading of "cautionary notes" the Investors' Chronicle of London, England, calls attention to the Amalgamated Goldfields Corp. and its stock selling activities in England. A case is cited of the purchase of 250 shares in the company at a cost of £275 or in terms of Canadian funds at par, $5.35 per share. The interesting feature of the transaction is that the net to the treasury was about 11½ cents per share. The London sponsoring agency through which the shares were purchased bore the important-sounding name of "Bank of London."

The Investors' Chronicle cites the fifty-fold increase in the value of the shares, a result of their crossing the Atlantic after H. C. Crowe, president of Amalgamated Goldfields Corp. launched them in a further attempt to finance the re-incarnated Blue Quartz Mine, east of Matheson, Ontario.

Siscoe Mines Power Offer Now Pending

Proposals are now pending, that may be signed this week, which will give Siscoe Gold Mines and that section of Northwestern Quebec, a new source of hydro electric power on most favorable terms, The Financial Post is authoritatively informed.

An independent power group, which has acquired the LaSarre Power Co., has also acquired water power rights on the Harricana River, north of Amos, Quebec, and on the Bourlamaque River. Plans call for the development of the Harricana site and the construction of a line south to serve the Siscoe and adjacent properties.

Siscoe Gold Mines at the present time has a modern Diesel engine-driven plant that is ample for its present requirements, but it is known that with the installation of hydro electric power that officials have a bigger programme in mind. At present the two-year programme is definitely being laid out which calls for the development of the property to a depth of 1,400 ft., 400 ft. below the present lowest level. Present development on the 975 ft. level is reported by officials as comparable with anything yet developed in the mine. Little ore has been taken from these new lower levels in spite of the substantial increase in tonnage treated during 1933 when the gross value of the production amounted to $1,604,000. January production to date has been the best for a like period in the company's five years' history as a producer.

Index to Mining Stocks

The weighted index number of twenty-three mining stocks computed by the Dominion Bureau of Statistics on the base 1926=100, was 109.3 for the week ending January 11, as compared with 107.8 for the previous week.

Nineteen gold stocks rose from 103.1 to 105.3, and four base metal stocks from 126.2 to 127.8.

Canadian Mining News

McINTYRE PROFIT $1.20 PER SHARE IN LAST QUARTER

New All Time Earning Record Set—Nine Mos. Profit $3.40

Another record breaking earning period is reported by McIntyre Porcupine Mines for the three months ended December 31, 1933, when the net profit was $956,821, as compared with $954,820 in the three months ended September 30, previously the highest period on record. This is equivalent to about $1.20 per share in each period, bringing the total net profits for the nine months period of the company's fiscal year to $2,712,110, or $3.40 per share.

The gross income for the three months ended December 31, 1933, was slightly lower than in the previous three months notwithstanding the higher price for gold, but the operating expenses were also lower, to give a new profit record.

The following tabulation gives earning figures for the three months ended December 31, and the nine months ended December 31:

	3 mo. End. Dec. 31 $	9 Mo. End. Dec. 31 $
Gross income	2,062,539	5,973,592
Less:		
Costs	836,414	2,454,972
Approp. for Taxes	195,232	587,100
Depreciation	74,071	219,409
Net profit	956,821	2,712,109
Earnings per share	1.20	3.40

SMELTERS DEALS FOR 55% INTEREST OF B. R. X. MINES

Report States Another Effort Made to Increase Holdings

From Our Own Correspondent

VICTORIA — Consolidated Mining & Smelting Co. plans taking a 55 per cent interest, under option, on the property of the B. R. X. Gold Mines in the Bridge River district, according to local reports.

Smelters is already interested in the Bridge River Consolidated Mines, having acquired a 55 per cent interest early in 1933. It was also negotiating with B. R. X. at that time but satisfactory terms could not be agreed upon and the deal was off.

The B. R. X. has between $70,000 and $80,000 in the treasury, and it is believed that the rumored deal would be in such a form that Smelters would assume charge of operations utilizing this money without having any interest in the company. When these funds were exhausted it would then be obligated to spend a further $200,000 in development on the property for which it would receive a 55 per cent interest in the company.

At the present time diamond drilling is being carried on by the B. R. X. to pick up the California vein at much greater depth, and at a depth of 285 feet the drill is reported to have encountered several veins below the point at which a six-inch high-grade vein was opened on the Number 3 level. No assay results are as yet available but values are reported to be fairly high.

DUNWELL MINES SECURES FUNDS

Work Resumed on Old Property—Production Planned For March

From Our Own Correspondent

VICTORIA. — Ample funds with which to rehabilitate the old mill and put the mine on to a producing basis were assured when the $18,000 debenture stock issue of the Dunwell Mines was oversubscribed in a few hours here, it was announced this week by R. M. Stewart, president of the company.

Mr. Stewart stated that $8,000 would be utilized for replacements in the mill in order to bring it to the operating point while the remaining $10,000 would be sufficient to carry on general operations until they had received their initial smelter returns.

Crews, which were sent to the property near Stewart, B.C., last week are already at work breaking ore in readiness for crushing and treating and according to company officials the complete operation will be on a producing basis in the course of the next six or seven weeks.

Debenture Stock Convertible

The debenture stock carrying 10 per cent interest will take the form of a floating charge with first call on the assets of the company and carries with it the privilege of converting to the common stock of the Dunwell company at 50 cents per share at any time before November 4, 1934. The company on the other hand, has the privilege of paying the entire amount off at any time after that date.

A sinking fund had been provided into which the company must pay $750 per month out of operations and the basis of which the debenture stock will be automatically retired on November 4, 1936.

No treasury stock will be issued by the company. Out of the total capitalization of 1,000,000 shares there are at present 840,000 issued.

ARDEEN GOLD MINES TO SUCCEED MOSS

Equity One Share For Each 12 in Original Company

Ardeen Gold Mines Ltd. is the name of the new company to succeed Moss Gold Mines as a result of the financial reorganization announced last month.

The new company will have a capitalization of 3,000,000 shares of which 1,000,000 shares will be distributed among creditors and shareholders of the present company and the remaining 2,000,000 treasury shares used to refinance the company. Shareholders in the present Moss Gold Mines will receive one new share for each three shares at present held which will account for 588,784 of the million shares allotted. In effect it will mean that existing shareholders will receive one new share for each twelve shares in the original company incorporated in 1927 which was reorganized by supplementary letters of patent on July 31 last when shareholders were given one new share for each four held.

J. C. Dallas Shifts From Oil To Gold

J. C. Dallas has arranged with the Montreal firm of Burgess & Petley to aid him in financing his latest promotional activity with Princess Royal Gold Mines.

The name of J. C. Dallas is not yet well known in Eastern Canada but is familiar to Calgary residents for his promotion of the Dallas Oil Co. and later the Calmont Oil Co. Shares of these companies gyrated from a high of $6 to a low of three cents when the programme of development went flat.

The Princess Royal is new in name only. Its property formerly belonged to the Belmont Surf Inlet Mines, a well managed company which suspended operations in 1925 when no more ore could be found, after producing several million dollars in gold. Since that time responsible people have looked at it including N. A. Timmins, Inc., but it has remained for Mr. Dallas to take it before the public.

Eastern Group Back Complete Tar Sands Test

Plans are on foot by an Eastern group to give a fair test to the commercial possibilities of the McMurray tar sands on the Athabasca River at the northern terminus of the Northern Alberta Railway.

It is proposed to utilize equipment developed in the United States for the extraction of the bitumen from the tar sands. A pilot plant will be constructed just as soon as final permits have been approved by the Alberta and Federal Governments.

These vast resources of tar sands have been known for many years and several years ago the Federal Department of Mines made an exhaustive study of the commercial possibilities of the deposit and worked on a process for the extraction of the bitumen. About 1915 certain streets in Edmonton were paved with the crude sand and good results were reported. A few years ago a company known as the International Bitumen installed a small experimental plant at Waterways and made a successful extraction.

The eastern group represents strong financial interests with sound technical advice and it is understood that finances are assured that will permit a commercial test on a scale not heretofore undertaken.

Reward Mining Acquires Stump Lake Property

From Our Own Correspondent

VICTORIA.—Development of the Gold Reef Mining Co. property adjoining Nicola Mines & Metals at Stump Lake, by the new owners, Reward Mining Co., will be undertaken immediately, according to an announcement by C. P. Riel, managing director of Reward.

Main development work will centre around the extension of the "Joshua" vein from the Nicola Mines and Metals property and operations are to commence as soon as supplies and equipment are on the ground. A shaft is to be sunk on this vein.

Good Liquid Position

Tenders for the development work including the main exploration shaft have been called and it is expected that the company would be able to carry out its entire development with its present finances.

A recent balance sheet shows current assets of $130,615 made up of cash due from various companies to whom it has sold properties, including $44,000 from the Holland Gold Mines; $25,000 from Vanalta Oils; $60,000 from Cariboo Consolidated Gold Mines and $1,615.40 from the Gold Star Mines. Other assets include 50,000 shares of Island Mountain Mines, one of the Cariboo properties of the Newmont Mining Corp.

Vancouver Island Has Another Find

From Our Own Correspondent

VICTORIA.—Word has been received here confirming the recent rumor that an important find had been made on the Glory Hole vein on the King Midas Gold Mining Co. property at Zeballos River on the west coast of Vancouver Island.

Large bulk samples running $12.20 in gold per ton have been sent down from the mine. These were taken from a point in the main tunnel where it has attained a depth of 100 feet from the surface on the vein.

Preparations are now under way to run a tunnel and drift on the vein. The present programme also includes another tunnel to intersect two ore bodies on the west side of the river.

Sally Mines Ships First Car of Ore

From Our Own Correspondent

VICTORIA.—The first 50 ton carload of ore has just been shipped from the Sally Mine on Wallace Mountain and regular shipments are expected to continue, according to officials.

The winze is down a distance of 20 ft. in what is believed to be the extension of the "Big Stope" and larger quantities of higher grade ore are being taken from the intermediate workings between the No. 1 and No. 2 levels.

Canada's 1933 Gold Output Off in 11 Months Period

Canada's gold production in November was 240,959 oz. bringing the total 11 months' production to November 30, 1933, to 2,689,969 oz. as compared with 2,782,209 oz. in the corresponding period of 1932.

The estimated gold production of the world in November was 2,064,000 oz. while the 11 months' world production to November 30, 1933, totalled 21,907,000 oz. Transvaal production in November was 898,000 oz. while the United States production, including the Phillipines was 256,634 oz.

Metal Prices

New York—January 16—
Copper: Electrolytic spot and future, 8c.
Silver: 44⅝c.

London—January 16—
(Long Ton)—
Copper: Electrolytic spot, £35 5s; future, £35 12s 6d.
Standard spot, £32 7s 6d; future, £32 10s.
Tin: Spot, £227 15s; future, £228.
Lead: Spot, £11 5s; future, £11 10s.
Zinc: Spot, £14 12s 6d; future, £15.
Silver: 19½d. per ounce.
Gold: 131s 9d.

Canada—January 16—
Gold: $33.74.

HOMESTAKE MINE IS GOING STRONG AFTER 50 YEARS

Toronto Mining Men Hear Address on Famous Pre-Cambrian Producer

Much discussion as to the probable longevity of Canada's chief mines in the pre-Cambrian field was excited by the address of Donald H. McLaughlin, Professor of Economic Geology at Harvard University on the geological features of the Homestake Mine, the famous gold producer in South Dakota's pre-Cambrian, which has been in production almost 50 years.

Before the Toronto Branch of the Canadian Institute of Mining & Metallurgy and the Ontario Prospectors and Developers Association, Dr. McLaughlin, consulting geologist for Homestake, traced the early history of this, United States largest gold mine, from the tempestuous days of the early seventies when a trooper of General Custer's made a find, stopped to examine it and thus saved himself from the famous Custer massacre.

Production with an 80-stamp mill started in 1879 and dividends were inaugurated that year. Subsequent production aggregated $280,000,000 while dividends paid to shareholders have totalled $66,000,000 to date. A large part of these dividends has gone to the Hearst family now headed by William Randolph the publisher whose father, George Hearst, laid the basis of the family fortune by his early investment in the Homestake Mine.

Grade Same as Porcupine

The ore being treated is much higher in value than that mined in former years and averages between $6 and $7 per ton, about the same as the average of the Porcupine camp of Ontario. Aside from the fact that the ore occurs in the pre-Cambrian there is little similarity between the Homestake ore bodies and the famous producers of Ontario. Nevertheless, it is the most outstanding example of gold mining in the pre-Cambrian on the North American continent and the fact that after nearly 50 years it is going stronger than ever is inspiring to McIntyre and Dome each of which are producing at record levels after 23 years' production from the pre-Cambrian.

At the Mines

Base Metals Mining Corp.—Has been making shipments of lead and zinc concentrates to European smelters since the resumption of operations in September, 1933. To the end of 1933 shipments were 4069.2 dry tons of lead concentrates containing 8,317,063 pounds of lead and 41,514 oz. silver. Zinc concentrates totalled 5,007 tons containing 6,759,090 pounds of zinc.

The initial shipment made in 1934 on January 11, comprised 625.5 long dry tons containing 81 per cent lead and 12.7 oz. silver per ton, also 1,284 dry long tons of zinc concentrates containing 61 per cent zinc.

* * *

Cariboo Gold Quartz—Production in 1933 from the company's pilot mill is reported as valued at $225,000 exclusive of the December clean-up, the brick from which is being poured this week. Present production basis is reported at approximately 1,000 oz. of gold monthly.

* * *

Chibougamau Prospectors—Shareholders on January 17 approved of a reorganization with the incorporation of a new company having a capitalization of 3,000,000 shares. Six hundred thousand shares are to be transferred to the present company for its assets and a like amount to A. H. McKay of New York for some 100 claims owned by him in the Mackenzie and Obalaski township, Chibougamau district, Quebec. McKay is to option 1,800,000 treasury shares which, if and when they are all taken up, will provide the treasury with $1,000,000.

* * *

Cole Gold Mines Ltd.—The Federal Trade Commissioner at Washington has received the company's application to issue 2,162,249 shares of treasury stock with a total value of $2,310,816. John Y. Cole, Jr., of 277 Park Avenue, New York City, is the underwriter. The company was incorporated on November 16, 1933, with an authorized capitalization of 3,500,000 shares to finance development of its properties at Pipestone Bay, Red Lake area.

* * *

God's Lake Gold Mines—Shares have been approved for listing on the Standard Stock & Mining Exchange and will be called for trading on January 19. At the present time 2,065,075 shares are outstanding.

* * *

Golden Summit Mines—New compressor equipment has been installed permitting the deepening of the main shaft. Free gold is reported showing in a flat vein and preparation is being made for more aggressive development work.

* * *

McKenzie Red Lake Gold Mines—F. D. Reid, of Toronto, has been elected a director replacing the late E. T. Davis. Drifting on the vein on the 200 ft. level is reported favorable.

* * *

Northern Quebec Gold Mines—A letter to shareholders advises that new financial arrangements have been made that will permit carrying out the company's programme.

* * *

Reno Gold Mines—December production was valued at $35,209 from 1,556 tons of ore treated. This compares with November production of $37,150 from 1,705 tons of ore treated.

* * *

Thompson-Cadillac Mines — Plans call for a 150-ton daily capacity mill, instead of a 100 ton unit, as originally planned. Mill equipment is being assembled and taken over winter roads with production expected to start in July. Approximately 3,500 ft. of lateral work has been done to date on the 150, 300 and 600 ft. levels. Latest work on the 600 ft. level is reported of a most encouraging nature.

* * *

Wallace Lake Gold Mines, recently incorporated with a capitalization of 3,000,000 shares of which 1,200,000 were issued to vendors, has taken over the Conley-McCharles group of claims on the north shore of Wallace Lake, about 12 miles from the San Antonio property, Man.

Preliminary surface work has been done and some $30,000 spent on the property, according to officials, and a diamond drilling programme is to be started immediately.

BULOLO DREDGING RECOVERS $150,480

December Operations Result in Recovery of 5,016 Ounces

From Our Own Correspondent

MONTREAL.—Bulolo Gold Dredging operations in December resulted in a recovery of 5,016 fine ounces of gold worth $150,480 in Canadian funds, according to an official announcement issued by the company, which says:

"Bulolo Gold Dredging for the month of December reports total production from dredges 1 and 2, 6,680 ounces of fine gold from 410,800 cu. yds. Estimated working profit 5,016 ounces of fine gold. At 30 Canadian dollars per ounce of fine gold, this represents a working profit of 150,480 Canadian dollars.

Sink Test Holes

Four deep test holes on the upper half of the original Bulolo area show payable gravel to a depth of 75 ft., and the clay stratum at 22 ft. to which the original yardage was calculated now appears to be a false bottom. The deep drilling is proceeding and further equipment has been ordered to expedite this.

No. 1 dredge will be closed down for about 12 days in January for equipping it with pontoons.

No. 3 dredge is now working well but in order to avoid encroaching on the aerodrome it has been digging outside the dredging area. Its production for December was 405 ounces of fine gold from 141,000 cu. yds. This dredge will shortly be turned toward the pay ends.

Returns Per Yard

"The four deep test holes referred to in the December monthly earnings and progress statement of Bulolo Gold Dredging cross section approximately 500 ft. of the upper half of the original Bulolo area and the 53 ft. of gravel disclosed beneath the originally contemplated bottom at 32 ft., average slightly over 20 gold cents per yard."

Obituary

Robert T. Shillington—First representative of the Temiskaming district in the Ontario Legislature and a pioneer resident of the Cobalt district of Ontario, died January 11, 1934, at his Toronto residence in his 67th year.

He was born at Merivale, Ont., in 1866 and for many years operated a drug store in Ottawa before transferring his interests to Haileybury and the Cobalt district from which he was elected member in 1908. As a pioneer in the Cobalt district he had widespread mining interests and activities.

Britannia Production At Low Point in 1933

Preliminary production figures for the Howe Sound Co. from its Britannia mine in British Columbia, show a substantial curtailment in 1933 from the 1932 figures, due to the four cents per pound copper barrier set by the United States which in the past has been the company's chief market.

The following tabulation gives comparative figures for the past two years:

	1933	1932
Tons milled	622,718	809,259
Concentrates, tons	7,865	15,481
Copper, lbs.	6,773,093	11,496,888
Gold, ounces	11,924	8,868
Silver, ounces	44,960	59,347

Independence Gold Mining Plans New Financial Deal

From Our Own Correspondent

VICTORIA.—Reorganization of the Independence Gold Mining Co. with unnamed financial interests acquiring a 60 per cent control of the company, is expected to take place in the near future, it is understood on good authority.

At the present time negotiations for this re-financing have not yet reached the stage at which a formal proposal can be submitted to shareholders, but discussions are said to be based on the plan of giving the new group a 60 per cent interest in the company in return for financing.

The Independence Gold Mining Co. which is controlled by the Revenue Mining Co. of Vancouver, ceased development on its property in the Bear River Valley, 11 miles from Stewart, B.C., in 1929.

Prospectors' Classes Draw Big Attendance

Another record attendance was reported at the mining prospectors' classes conducted by the Ontario Department of Mines under the direction of Dr. E. M. Burwash, as instructor. The Toronto sessions, which started on January 4 and closed on January 13, were held in the chapel of Commerce Building of the University of Toronto. The attendance this year was marked by the presence of some 16 ladies quenching their thirst for knowledge of minerals and practical prospecting. The total registration was 452, comprising a variety of interests, from well-known mining engineers to school boys who have hopes of some day making their find of mineral wealth somewhere in Canada's broad acres.

The course, as presented by Dr. Burwash, comprises a night and day session at which he presented and discussed characteristic features of various minerals and how to recognize them in the field. Another phase of the course dealt with the elementary side of geology and a study of the earth's surface.

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A REMARKABLE ACHIEVEMENT

QUARTERLY DIVIDENDS

Gachin Gold Syndicate

Gachin Gold Syndicate at its first General Meeting, Jan. 11th, 1934, duly authorized Gachin to go on a regular quarterly dividend basis, at the rate of sixty cents (60c) per annum. Gachin is the only Mining Syndicate or Mining Company I know of to pay dividends from profits of its first year's operations.

Mining Claims Staked

In the Province of Ontario, alone, since Hollinger was staked, 121,047 Mining Claims have been staked and recorded.

Companies Formed

The Ontario Department of Mines' figures show that since Porcupine was discovered over 3,000 Mining Companies have been incorporated in Ontario. Over 15,000 Mining Companies and Syndicates have been formed in Canada.

15 Dividend-Payers

In Canada, to-day, there are only 15 Dividend-Paying Gold issues.

100 to 1

It is at least a 100-to-1 shot against you, to pick from newly organized Companies, a future Dividend-Payer.

80% in Dividend-Payers

Gachin must invest 80% of its funds in Dividend-Paying Gold shares. Its funds are now invested in Dome, Hollinger, Lake Shore, McIntyre, Noranda, Pioneer, Premier, Siscoe, Sylvanite, Teck-Hughes, Wright-Hargreaves. These insure regular Dividends.

20% in Junior Golds

Gachin may invest 20% in the Junior Golds. This gives you all the gamble you want. Some of these may develop into another Hollinger, Lake Shore, or Noranda.

Gachin Gold Syndicate

Gachin, as a new Dividend-Payer from profits of its first year's operations, establishes a Canadian record.

J. J. CARRICK
330 Bay St., Toronto EL. 0408-0409

P.S.—This announcement appears as a matter of record, as I believe it is unique in Canadian mining history.—J. J. C.

SURVEY
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AIR TRAFFIC trebles in THREE YEARS

In 1931 Canadian Airways planes carried 764,449 lbs. of merchandise and supplies. In 1933 this figure increased to over 2,300,000 lbs. To the latter figure must be added over 300,000 lbs. of air mail.

These figures demonstrate in no uncertain manner the progress of air transportation in Canada.

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